

**A STRATEGIC MARKETING PLANNING FRAMEWORK
FOR A PRIVATE EDUCATIONAL INSTITUTION**

by

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UITTREKSEL

Hoër opvoeding in Suid-Afrika staan 'n diverse, komplekse en vinnig veranderende omgewing in die gesig. Hierdie omgewing bied verskeie uitdagings en bedreigings vir tersiêre opvoedkundige instellings, as gevolg van veranderende omgewingsfaktore. Bemarking bied 'n oplossing vir die probleme van hulpbronvermindering en toenemende kompetisie, wat opvoedkundige instellings ervaar. Die strategiese bemarkingsbestuursproses kan opvoedkundige instellings help om 'n geïntegreerde bemarkingsplan te ontwikkel, en sodoende verbruikersbehoefes beter te bevredig.

Die hoofdoel van die studie was om die bemarkingseffektiwiteit van 'n private opvoedkundige instelling te evalueer. 'n Posing was aangewend om 'n private opvoedkundige instelling te evalueer in terme van hoe effektief en kompetend die instelling sy kliënte en publieke se behoeftes te bevredig.

Inligting is versamel deur middel van 'n literatuurstudie en later onderhoude met sleutelpersoneel van die instelling. Die literatuurstudie het hoofsaaklik op drie aspekte gefokus: die tersiêre opvoedkundige bedryf in Suid-Afrika, die wetlike agtergrond en hoe bemarking op die opvoedkundige instelling van toepassing is.

Onderhoude wat gevoer is met die sleutelpersoneel van die privaat opvoedkundige instelling het gefokus op die volgende punte: 'n historiese en kulturele analise van die instelling se agtergrond; 'n taak- en makro-omgewingsanalise; bemarkingsbeplanning, die bemarkingsorganisasie strukture, inligtingstelsels, koste, administratiewe en kurrikulêre programme. Hierna is die data ontleed.

Aanbevelings is gemaak ten opsigte van sterk punte en geleenthede wat saamval en hoe die instelling dit behoort te gebruik. Sekere tekortkominge is ook geïdentifiseer, en aanbevelings oor hoe om dit te bowe te kom is gemaak.

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CHAPTER 1:

INTRODUCTION

1.1 Introduction

Higher education faces a complex, diverse, and turbulent environment, an environment that threatens a number of higher education institutions because of changing environmental factors. Marketing provides a solution to educational institution's problems of resource reductions and increased competition in years to come. The strategic marketing management process can aid institutions to develop an integrated marketing plan; and to satisfy customer needs. The study conducted aimed to formulate a strategic marketing planning framework for a private educational institution in the North West province, by conducting a marketing audit.

1.2 Defining concepts

Strategic management can be defined as the selection of significant market opportunities to achieve the long-term objectives of an enterprise (Robinson, 1986:4), appropriate resource deployments, and interactions of an organisation with markets, competitors and other environmental factors (Walker et. al, 1994:8), to capitalise on market opportunities, and minimise threats.

Strategic planning precedes marketing planning by providing a framework, within which marketing plans might be formulated. After the enterprise's current situation is strategically assessed, marketing strategy alternatives can be generated and selected, to implement a marketing strategy that will contribute to the enterprise achieving its goals (Wilson & Gilligan, 1995:23).

A strategic marketing planning framework implies parameters, wherein decisions regarding the overall approach to the marketing strategy is set out. The framework

centers around a number of key questions that logically follow each other in the context of strategic marketing management:

- Where are we now? (Strategic and marketing analysis)
- Where do we want to be? (Strategic direction and strategy formulation)
- How might we get there? (Strategic choice)
- Which way is best? (Strategic evaluation)
- How can we ensure arrival (Strategic implementation and control)

1.3 Motivation

1.3.1 Awareness of the problem

As South Africa re-entered the international arena, it was critical that the education and training system keeps pace with international standards.

International trends showed that technology is developing at a faster and faster rate, and those numbers of unskilled jobs are declining. Every day businesses are adopting new forms of technology and new staffing systems to gain a competitive advantage. If business wants to remain competitive, they need a highly skilled, flexible workforce. To develop the sound, high quality education and training system needed to produce high levels of skills and knowledge, a revolution in the mindset of education providers of learning and assessment were needed (Philips ed. 1997:2).

Changes in the macro-environment, especially political and legislative environments (SAQA Act, 1995; Education Act, 1997; Skills Development Bill, 1997; Employment Equity, 1999) have changed the playing field drastically for tertiary educational institutions. The Higher Education Act (Act 101 of 1997) has removed the barriers to entry for private education providers in the education industry.

The implications of these changes were that the task-environment has become fiercely competitive and that educational institutions everywhere in South Africa will have to become more "marketing-orientated". Although educational institutions realised the need for this, a clear integrated framework from which marketing could be done was required. It was therefore necessary for an educational institution to evaluate itself, in

order to determine if, and where improvements could be made to its current strategy in order to gain a competitive advantage.

1.3.2 Importance of research

The research was done to provide an integrated planning framework for marketing a private educational institution, since fragmented marketing efforts could cause harm to the image of an educational institution. It would also highlight the institution's relative competitive position in the market and provide guidelines on how to improve its performance. Performance improvements could lead to increased customer satisfaction, improved productivity, and improved profitability.

1.3.3 Problem statement

Changes in the macro-environment have made it essential for the particular educational institution to become more competitive in the market. The reason for doing the study was to provide an integrated strategic marketing planning framework through which strengths and weaknesses could be identified, to ensure the institution remains competitive, as well as building a consistent image (brand) in the market place.

1.4 Objective of the study

1.4.1 Objective

To identify key strengths and areas for improvement in the marketing strategy of the private educational institution.

1.4.2 Goals

- To identify the key role players in the South African tertiary education industry
- To explore how the regulatory framework for education influences the operation of an educational institution.
- To set out a general strategic marketing planning framework for educational institutions
- To conduct a marketing audit.

1.5 Research method

1.5.1 Literature study

A literature study was undertaken. Three key issues were investigated: the education industry, the regulatory framework for education in South Africa, and the marketing of educational institutions.

Very little research has been undertaken in South Africa on private educational institutions. Accessible literature was mainly dissertations on the following: Marketing of commercial programmes at a technikon (Penceliah, 1997), "Bepaling van 'n bemarkingstrategie vir Technikon Pretoria aan genoteerde vervaardigers in die PWV-gebied" (Diedericks, 1987), Die posisionering van die Nasionale Diploma Bemarking aan die Technikon Witwatersrand (Bresler, 1995), 'n Bemarkingstrategie vir 'n verplegingkollege (Pryde, 1992), Bemarkingsbeplanning van Teknikons in Suid-Afrika (Kempen, 1991), Die bemarking van die strategiese bestuursproses aan tersiêre onderwysinstellings met besondere verwysing na die Universiteit van Port Elizabeth (Van Biljon, 1991), Marketing of the Cape Technikon (Le Mesurier, 1990), 'n Omvattende model vir die uitvoering van 'n bemarkingsoudit (Vorster, 1989), Strategic Marketing Planning at South African Teknikons (Nel, 1987). Several articles from journals on higher education were also examined. However, most of the journals were published in America.

To obtain information on the education industry, also proved somewhat difficult. In the end interviews were conducted with brokers and researchers at SG Frankel Pollack Securities at the JSE Securities Exchange. Literature on the regulatory framework was also from mainly one general source: state publications.

Literature that was very helpful was: "Strategic marketing for educational institutions" (Kotler & Fox, 1995). On examination of this book, it became clear that Goldgehn (1982) (in Leslie A. Goldgehn's *A marketing opportunity analysis: application of a strategic marketing audit to higher education*, unpublished doctoral dissertation, Northwestern University) had already developed a "marketing audit instrument" for higher educational institutions. This instrument was valid and reliable, and formed the basis of the study.

1.5.2 Empirical Research

A marketing audit was conducted to provide a clear picture of the private educational institution's current market position, the nature of environmental opportunities and threats, and the ability of the educational institution to cope with environmental demands. The measurement instrument used for the study (as referred to in paragraph 1.5.1) was a valid and reliable instrument: The instrument used, was titled: A marketing opportunity analysis: application of a strategic marketing audit to higher education (Goldgehn, 1982).

The objective of a marketing audit is to evaluate how effectively and competitively an institution is satisfying the needs of its markets. This process includes an in-depth assessment of marketing activities such as: curricular programmes and services, tuition, access to programmes and services, and promotion. A marketing audit should be broad in scope, covering a college's marketing objectives, strategies, organisation and systems. It should be conducted by an independent outsider and carried out periodically in a systematic manner, throughout the life of the institution. The results of the audit provide management with a tool to implement the necessary changes.

The purpose of the study was to review the external and internal environment of an institution from a marketing management viewpoint. And, as a result of this review, to recommend how improvements could be made to strengthen the position of the institution and to sustain the provision of high quality curricular programmes and services to students.

In this instrument the marketing audit for an educational institution consisted of the following (Kotler & Fox, 1995:470-474):

- *Historical and cultural analysis:* included current information, history of the institution, history of programmes and services, the events leading to the initiation of the study, and the current institutional climate. This part of the audit placed the current institutional environment in historical perspective.
- *Marketing environment analysis:* this was an assessment of the internal and external trends and significant groups that affect the institution. The following aspects of the institution's environment were analysed: curricular programmes,

student services, publics, markets, students, distribution, competition, demographic trends, economic and political factors, social and cultural factors; and technology.

- *Marketing planning analysis:* assessed how the institution's mission had been translated into planning, including a marketing plan. This phase included an evaluation of the planning function and planning mechanisms of the institution.
- *Marketing strategy analysis:* reviewed the institution's strategies relating to programme selection, positioning, market segmentation, and competition, and the extent to which the current strategy was appropriate in light of the environment and anticipated opportunities.
- *Marketing organisation analysis:* was an evaluation of the formal marketing structure of the institution, or, when no formal marketing structure was in existence, the various functions that support marketing.
- *Marketing information analysis:* evaluated the information and research capabilities and needs of the institution.
- *Pricing analysis:* evaluated the monetary and budgetary needs of the institution, including an analysis of tuition, costs, fund-raising effectiveness, and the market response to tuition.
- *Administrative-department analysis:* reviewed the administrative functions that support the marketing effort of the institution, typically including admissions, financial aid, and institutional relations.
- *Curricular programme analysis:* considered the institution's programmes, diplomas, and degrees in relation to student markets, publics, and societal trends. This analysis had implications for recruitment in various programme areas.

The study was conducted by developing an interview guideline and checklist for the fact-finding phase of the audit. An initial meeting was held with the Principal to discuss the scope, objectives and timing of the study. Internal reports, procedural manuals, brochures, and several other written documents were assembled. Interviews were then scheduled with the three directors, and other staff members of the institution. It was not necessary to conduct a student survey, since secondary data was available from the institution. Finally data was analysed, results developed and conclusions and recommendations were put forward.

1.5.3 Study population

When conducting a marketing opportunity analysis (audit) it is necessary to obtain information on the administration, academic matters, curricular offerings, and from the students. Therefore the study population included the directors, and staff members of the private educational institution. Interviews were conducted with the three directors: Director: Financial and Administration, Director: Marketing and Director: Operational issues and Information technology. Other staff members interviewed included: the sales consultants, debtors' clerk, and administrative persons.

Secondary data was obtained from the institution regarding the students. Since the institution had already conducted student surveys, it was not necessary to conduct another student survey. The surveys were conducted with from two semester groups (May 2000 and November 2000) of students, totaling 257, who were studying part-time, and doing Management and Computer School courses.

1.5.4 Problems experienced with study

Very little literature was available on the topic of the study in South Africa; therefore the study was founded on a few key sources. The environment in which the education industry operates is also ever-changing e.g. legislation. Legislation on education, and how it was implemented brought several issues to light over the time period of the study (how legislation sounded on paper and how it was implemented was often not the same).

Of the biggest problems experienced with the study was finding a suitable institution willing to participate in the research. Because of the scope of the research, the permission of the top executive of the educational institution needed to be obtained. The nature of the information sought, brought the issue of confidentiality to light, in the sense that a published dissertation would be available to the institution's competitors as well. Other problems include that interviews were time-consuming, and several key personnel (with extremely busy schedules) needed to be interviewed.

1.6 Outline of the study

Chapter 2 is a literature study of the South African higher education industry. Global trends such as the knowledge-based economy, capital-for-labour substitution, the paradigm shift towards life long learning, technological advances, corporate downsizing and restructuring, funding constraints and effective distance-learning alternatives were investigated. These trends affect South Africa too. The South African education market can be divided into two strategic groups: the public and private sector.

In chapter three the regulatory framework for higher education is presented. The country's political background is outlined. Policy statements and the National Commission on Higher Education's (NCHE) report are presented. The NCHE's final recommendations were largely implemented and the organisations involved in the process, monitoring of the quality of the system, and the registration of private educational institutions are discussed.

Chapter four examines how marketing can be applied to an educational setting. It is shown that marketing has become increasingly important for educational institutions, because of increasing competition, and the benefits marketing can produce. The strategic marketing management process and how it relates to an educational institution are discussed.

In chapter five the marketing audit results are presented. Key aspects presented are the history of the institution, the marketing environment, marketing planning, marketing organisation, marketing information, tuition, administrative functions and curricular programmes and services.

Chapter six summarises the most important findings and provide recommendations to improve the performance of the institution.

CHAPTER 2:

THE SOUTH AFRICAN TERTIARY EDUCATION INDUSTRY

2.1 Introduction

Innovation, privatisation and the capitalist approach are playing a role globally in the education industry. These factors play an important role in the transition of traditional education delivery at virtually all levels of education.

The education industry represents the final frontier of a number of sectors dominated by public control that have generally failed to achieve the standards of quality and cost-effectiveness that were originally intended. These industries have either voluntarily or forcibly (in response to external pressure) opened up to entrepreneurial innovation and public/private restructuring, creating significant opportunities. Forthcoming demographic, social and political trends will drive dramatic change within the education industry that will most likely lead to the emergence of nation-wide for-profit institutions that provide high-quality, relevant educational content and services, at all ages and skill levels, in a cost- and time-effective manner (Ghazi & Irani, 1997:3).

The crucial question is how the South African tertiary education industry will aim to satisfy the needs of the tertiary education market. The current ANC government will seek to promote and foster private sector involvement. It will do this even though that will inevitably lead to a two-tier education system (as it will in health care) of quality private provision and quantitative state provision. Such a system is not an anomaly; it is the norm of global experience. Therefore this chapter will address global trends in the education industry, the South African tertiary education market, and the role played by public and private tertiary education providers, their performance, and how they will be expected to behave in future.

2.2 Global trends in the education industry

It is necessary to be aware that global trends in the macro- and market environment are affecting South Africa too. Historically many countries have proven their development by their ability to access human resources and their efficient and effective use. A nation's workforce needs to transform itself to meet the needs of the economy (Ghazi & Irani, 1997:3). During the Agricultural age, the primary focus was on land. During the Industrial age, both land and capital was emphasised. The Knowledge Age will be characterised by its focus on human resources and capital (Buikema, 1998:3).

The driving forces behind the Knowledge Age have been the coming of the personal computer, the delivery of electronic information systems and globalisation through platforms like the Internet. What used to be an industrial-driven economic system where coal, steel and oil were the main resources for progression, the knowledge age economic system is dependant on brainpower. Brainpower has shifted the economic focus towards the ability to acquire, deliver and process data to information (Buikema, 1998:3).

Economic success in this new environment depends on enormous brainpower, which, firstly, has to be acquired, but secondly, has to be continuously updated. Without lifelong learning, human resources will loose their competitive edge in this rapidly changing environment where technology is constantly updated and improved (Herman et. al, 1997:8). At the same time, the gap between the educated and the non-educated will continue to widen and the non-educated hardly stand a chance of surviving in this new environment. Economically, the non-educated will become obsolete. Ironically, technology which has created the gap between the non-educated and the educated will also be part of the solution for decreasing the gap. Technology is the key to opening the doors of schools, libraries and knowledge-resources to the world's masses. At the same time, technology allows for cost-effective, timely delivery of knowledge-based economic systems' critical resources: information, education and training human resources (Buikema, 1998:3).

2.2.1 Knowledge-based economy

Education accounts for a substantial portion of GDP. but the premium placed on intellectual capital and its role in the long-term performance, health and productivity of the economy continues to escalate. Business and investment communities have joined students, teachers, administrators, politicians and policy makers in recognising the critical role of education. The ongoing advance of the knowledge age manifests itself in the global proliferation and accelerating pace of change in technology. The shift to an information-based, service-oriented economy necessitates a more skilled and knowledgeable labour force (Herman et. al, 1997:5,8)

2.2.2 Capital-for-labour substitution

Due to the shortage of skilled employees, labour remains expensive relative to capital. As a result corporate America is increasing its use of technology, as demonstrated by the doubling of information technology spending per worker over the last five years, and *reducing / restructuring its work force*. Skill requirements of employees have increased over the past three years, and two out of five production and nonsupervisory employees use computers on the job. Although the capital-for-labour substitution will affect all levels

of workers, under skilled and undereducated employees will have the greatest difficulty in securing jobs. Education and training are becoming a necessity (Ghazi & Irani, 1997:9).

2.2.3 Paradigm shift towards life long learning

Of crucial importance for higher education is the rapid international development of the learning society. The term refers to the proliferation of knowledge and information in the contemporary world. The production, dissemination, acquisition and application of knowledge are shaping the structures and dynamics of daily life to an unprecedented degree. The learning society places a premium upon lifelong and continuing education; a growing array of public and private institutions ('non-specialised learning organisations') share in knowledge production with institutions of higher education. The challenge to higher education is to adapt to these changes and to sustain its role as a specialised producer of knowledge (NCHE, 1998:38).

The traditional concept of completing one's academic training by the age of 22 or 24 is over. Not only are record numbers of students enrolling in post secondary education institutions, but also 50 million (US data) working adults are pursuing continuing education, remedial education, or higher degree programmes. This paradigm shift towards lifelong learning results from two primary factors: capital-for-labour substitution and the poor outcomes of the public schooling system (Ghazi & Irani, 1997:61).

A recent study by the US Department of Education indicates, "Learning is addictive". The overall participation rate of college graduates was 58% - more than three times the rate of those who did not have a high school diploma and nearly twice the rate of high school graduates without any post secondary education. With an increasing number of people qualifying themselves, it is estimated that those likely to pursue continuing education programs is growing (Ghazi & Irani, 1997:85).

2.2.4 Technological advances

It is estimated that the average worker will hold six different jobs over the course of his or her career and will likely entirely switch fields at least once. This newfound worker mobility will necessitate ongoing training (Ghazi & Irani, 1997:81).

2.2.4.1 IT market segment growing

As the rate of technological change accelerates, organisations find themselves increasingly hampered in their ability to exploit the latest information technologies because their IT professionals lack up-to-date-knowledge. Furthermore, since many businesses use hardware and software products provided by a variety of vendors, their

IT professionals require training on a growing number of products that apply across vendors, platforms, and operating systems. Most organisations address this challenge by retraining their existing IT professionals. An International Data Corporation (IDC) study estimates that the 1995 worldwide market for IT education and training was \$14.9 billion, of which approximately \$10 billion represented the training of IT professionals. Given this multivendor, rapidly changing environment, IDC estimates that the IT training market will reach \$27 billion by the year 2000 (Ghazi & Irani, 1997:81).

2.2.4.2 Technological proliferation and rapid evolution

Technological proliferation and rapid evolution are fueling demand for technical competency and expertise in fields such as electronics, networking, programming, computer systems and hardware, and business applications. According to US Labour Department statistics, the number of jobs for computer system analysts and programmers will nearly double from 1994 to 2005, making this area second only to home healthcare in job creation. Specifically, jobs for systems analysts should increase 92%, computer engineers 90%, programmers 30%, and electronic specialists 24%. When considering all occupations requiring information technology skills, the Labour Department predicts the creation of an additional 5.9 million job openings between 1994 to 2005. In addition, according to International Data Corporation, the IT segment of the US education market is expected to increase to \$12.1 billion in 1999, from \$7.5 billion in 1995, representing 13% annual growth (Herman et. al, 1997:13).

2.2.5 Corporate downsizing and restructuring

Corporate downsizing and restructuring (including the military and government sectors) are increasing the demand for higher education and retraining. This factor, combined with continual technology advancement, necessitates a process of lifelong learning (Herman et. al, 1997:8.13). There is an increase in the average age of students and the number of working adults pursuing degrees and advanced degrees. Students, who are more than 25 years old, constitute 45% of current college enrollment, compared with 38% in 1980. Motivation for a career change or career enhancement is often fueled by underemployment, which is an increasing factor given low placement rates at tradition schools. The Labour Department estimates by 2005, 30% of US college graduates will be underemployed (Herman et. al, 1997:13).

2.2.5.1 Disgruntled corporate environment seeks alternatives

Despite Corporate America's critical role as both a funding source and the employer of the output of the nation's post-secondary system, much too frequently, the skill sets that business demand are not what the schools produce. The corporate world has become increasingly frustrated by the quality of graduates and their lack of applicable skills in the work environment. Moreover, many businesses have lost their faith in the ability of the public education system to stock the pool of potential employees with skilled workers. In the United States evidence of this exists in the rapid growth of "corporate universities" to over 1 000 in 1995 from 400 in 1988. The corporate world has thus increasingly taking on the role of educator. Internal training would thus be outsourced to those institutions that offer relevant educational programs (Ghazi & Irani, 1997:67).

2.2.6 Funding constraints

Even in the US many states are facing budgetary problems similar to those of the federal government. A for-profit post-secondary school's entrance into an individual state would alleviate some of these financial pressures. Not only would it shift some portion of student enrollments from state universities to its own campuses, thereby reducing the need for state funds, but as a for-profit institution, it would further alleviate the state's budgetary constraints by paying taxes (Ghazi & Irani, 1997:71). There can be no question that public higher education in South Africa is now also in the midst of economic hard times and that the comfort of knowing better times are ahead is not available (DeW. Bruwer, 1996:121).

2.2.7 Effective distance-learning alternatives

Technological advancements (internet) facilitating electronic, synchronous or asynchronous delivery of distance education have influenced distance learning. Distance learning provides a number of advantages over traditional methods of education delivery - the most significant, which is the flexibility and convenience it provides to the student. Whether communicating through the internet, satellite broadcast, videoconferencing, cable television, or utilising self-paced instructional tools such as interactive computer-based training, videotapes, or workbooks, the ability to "attend" classes and complete assignments at any time of day from almost any location provides a tremendous degree of flexibility that cannot be attained through more traditional classroom-delivered training programmes. With technological advances improving distance-learning media, potential students located in remote areas and those with increasing time constraints can now have continuous and convenient access to the virtual classroom (Ghazi & Irani, 1997:91).

With increased globalisation and the pressure to remain internationally competitive, it is evident that South Africa will also be subject to the same international trends, with similar implications for the tertiary education market.

2.3 The South African Education Market

The South African education market will be discussed in terms of expenditure on education, and the future size of the market.

2.3.1 Expenditure on education

South Africa currently spends around R35 billion (US\$7.2 billion) on education. On top of this an estimated R0.8 billion is spent on private primary and secondary education, while it is estimated that the total private amount spent on tertiary education is in the region of R 3 billion. This is more than is spent on national defence and more than the GDP of Kenya, Paraguay and Panama. While this amount is spent on education and the education budget amounts to roughly 20% of the total budget (excluding interest payments), South Africa's return on its education investment places it at the bottom in international comparisons (Cloete, 1998:25).

More than 90% of education is publicly funded and controlled by both provincial and national bureaucrats and employees. This system can only exist due to the generous donations of the South African government. A comparison between private and public education shows that better returns on investment are provided by the private sector. Also the private sector is far more cost-efficient and effective in servicing the needs of the market.

Table 2.1: Main government expenditure

	BILLIONS OF RAND		AVERAGE INCREASE PER ANNUM	% OF GDP	
	1987/88	1997/98		1987/88	1997/98
Education	9.4	53.3	47%	3.2%	8.7%
Health care	2.2	20.0	82%	4.7%	3.3%
Defence	6.7	10.7	6%	14.3%	1.7%
Social security	3.0	18.4	51%	2.3%	3.0%
Police	1.5	13.1	77%	3.3%	2.1%
Prisons	0.5	3.9	68%	1.0%	0.6%

Source: South African budget review, 1987/88 and 1997/98

It is evident that there is a need to improve South Africa's current education system. Although the system is now more open than it has ever been in the past, the current education situation for most of its population leaves a lot to be desired. Even the African National Congress admitted in 1995 in its "Policy framework for education and training" that: "South Africa's education system is seriously inefficient and wasteful." The following statistics summarise the situation in South Africa's national education system:

- A report entitled *A survey of adult basic education in South Africa in the 90's* published by the Joint Education Trust, defined illiteracy as fewer than seven years of formal schooling (less than Standard 5) or its equivalent. According to the same source, approximately 7,5 million aged 15 years and older were illiterate or 'severely under-educated'.
- Figures released by the Central Statistical Service in 1995, show that 2.9 million people over 20 years old had no education. This translates roughly to thirteen percent of this segment of the population. Women constituted 61% of people without education and men 39%.
- Less than 2% of the population holds a degree. The gender breakdown was 62% men and 38% women.
- About two million people had some form of post-matriculation education, of which 49% were White, 42% were African, 5% were Coloured and 4% were Indian. The proportions of people with some form of post-matriculation are divided between men (51%) and women (49%).
- About 46% of African teachers were under- or unqualified in 1994. Although this number appears high, it is substantially lower than the 70% recorded ten years earlier.
- International comparison studies of industrialised countries shows that South African secondary education pupils finish at the bottom in key subjects such as mathematics and science, yet South Africa spends 8.9% of its GDP on education, higher than most industrialised countries (Buikema, 1998:2-3).

2.3.2 The size of the education market

The South African education system will undergo massification well into the 21st century! While a fall in the African fertility rate suggests that the population growth rate is slowing down, table 2.2 shows that an expansion of the whole education system is still in progress. The effect of the increase in school pupils over the next decade will be felt for some time after the year 2005.

Table 2.2: Forecast of headcount expansion of the public education system

Part of system	Learners in millions	
	1994	2005
Primary schools	8,522	12,217
Secondary schools	3,484	5,548

Source: NCHE: 1998:1

Notes:

- In 1994 an estimated 1,8 million pupils of school-going age were not at school. This excludes the introduction of a pre-primary school year for all 5 year olds. Depending on the success in phasing the pre-primary school year and introduction of compulsory education the primary learners could increase from the estimated 12,2 million in 2005 to 14,4 million.
- Depending on the success with the introduction of compulsory education, secondary school learners could increase from the estimate 5,5 million by 2005 to 6,2 million.

Despite continuing inefficiencies in secondary schooling for blacks, the numbers of students acquiring a Grade 12 / Standard 10 certificate and matriculation exemption are growing. Based on the assumptions outlined in table 2.3, the forecast figures in this table show that by the year 2005 there will be at least 222 000 students with a pass at the equivalent level of the current matriculation exemption and a further 422 000 with a further education certificate (or equivalent to the present Standard 10) who could seek admission to higher education. Table 2.3 also shows that it can be expected that African pupils will account by far for the greatest increase in the number of Std 10 passes over the next decade. If the efficiency in the school system improves, and the pass rate accordingly increases, the number of school leavers qualifying for entrance to higher education may be considerable higher!

Table 2.3: Projected Headcounts: Std 10 passes

Description	1994	2005
African	190 342	476 969
Coloured	22 200	63 372
Asian	13 981	16 748
White	60 823	87 298
Total Std 10 passes	287 346	644 387
Total matric exemption passes	88 498	221 924

Source: NCHE, 1998:4

Table 2.4: Assumptions on the matric pass rate

Description	% Passes of Std.10 enrollments		Matric exemption as % of total passes	
	1994	2005	1994	2005
African	43.8%	56%	25.9%	32.5%
Coloured	84.3%	86%	25.1%	32.5%
Asian	88.9%	90%	54.6%	55%
White	92%	92%	42.8%	42.5%

Source: NCHE, 1998:4

All matric passes are projected to rise by an annual average rate of 7,6% and university entrance passes by 8.7% per annum. An index of school-leavers passes between 1996 and 2005 (with 1996 = 100) gives an index of 191 for 2005! However, if the share of the higher education budget in state expenditure is assumed to rise at 1,5% per annum (at an economic growth rate of 2,5% per annum), the index for the higher education budget in 2005 is only 142 (with 1996 = 100). Hence, the system cannot continue along its present lines. It is too expensive to allow mass access to higher education, which provides the financial case for reform by inter alia managing costs to decrease per full-time equivalent (FTE) student and/or mobilising alternative sources of revenue. In

modeling for an affordable higher education system, providing for enhanced private sector higher education participation, the following presents one model (Table 2.5):

Table 2.5: Projection of Head counts of students in a model for an affordable Higher Education System: 1995 - 2005 (1995 Rand)

Institution	1995	2005
Technical Colleges (Post secondary)	50 983	103 632
Teacher Training Colleges	97 734	105 838
Community Colleges	0	89 411
Private Colleges	147 645	325 521
Technikons contact	97 863	169 208
Distance	76 495	149 913
University contact	210 619	270 454
Distance	153 718	248 146
	835 056	1 462 123
State contribution	R 7 824 million	R 11 329 million
State contribution/student	R9 369	R7 748

Source: NCHE, 1998:5

The projected 1.46 million students by 2005 could prove a conservative estimate. It provides for 325 000 students to be accommodated by private higher education institutions. For the development of private higher education, an appropriate legal framework is of crucial importance. In this a balance must be struck between suffocating private initiatives with government regulations and permissive policies that place the proprietary interests of these institutions ahead of the important training role they can play (NCHE, 1998).

From the projected size of the future market, and expenditures on the system, it is clear that both the public and private sector has an important role to fulfill.

2.4. Strategic groups in the South African education industry

In the majority of industries competitors can be categorised, on the basis of the similarities and differences that exist in the strategies being pursued. A picture can be constructed of the market showing the strategic groups that exist. Strategic groups consist of those enterprises within the market, which are following a broadly similar strategy. After identifying the strategic groups, the relative position and strength of each competitor can be identified. Two points emerge from identifying these strategic groups: The first is that the height of the barriers to entry and exit can vary significantly from one group to another. The second is that the choice of a strategic group determines which enterprises are to be the institution's principal competitors. There is, of course, competition not just between strategic groups but also within them (Wilson & Gilligan, 1995:128-129).

The South African education industry can thus be divided into two major strategic groups in terms of their competitive strategies and industry pressures: the public sector and the private higher education sector.

Although there is quite a lot of information available on the public sector (SAPSE data), no detailed study on the South African private higher education sector is available. Many institutions regard this information as confidential. However, recently a study on the level of expenditure on training in the private college sector was commissioned by the national training board and since completed by the education policy unit, (EDUPOL)- a unit within the national business initiative. The study focused on all institutions, which are members of the three formal associations in the sector, viz. The association of Distance Education Colleges (ADEC), the Association of Private Colleges of South Africa (ACPSA), and the Correspondence Colleges Council (CCC) (NCHE, 1998).

The public higher education sector will first be discussed, then the private sector.

2.4.1 SA public higher education

The South African higher education system consists of 21 universities. 14 technikons. about 100 teacher training, nursing and agricultural colleges in the public (i.e. government funded) sector and an increasing number of private colleges.

The universities in the public sector are: UNISA, the University of Cape Town, the University of Durban-Westville, University of Fort Hare, Medical University of Southern

Africa (MEDUNSA), University of Natal, University of the North, University of North-West, University of the Orange Free State, University of Port Elizabeth, Potchefstroom University for Christian Higher Education, University of Pretoria, Rand Afrikaans University, Rhodes University, University of Stellenbosch, University of Transkei, Vista University, University of the Witwatersrand, University of the Western Cape, and University of Zululand.

The technikons in the public sector are: Technikon Free State, Mangosuthu Technikon, ML Sultan Technikon, Technikon Natal, Technikon Northern Transvaal, Peninsula Technikon, Port Elizabeth Technikon, Technikon Pretoria, Technikon SA, Vaal Triangle Technikon, and the Technikon Witwatersrand.

The students enrollment in public (or government funded) higher education institutions totals in 1998 over 600 000. If private higher education colleges were to be added to the enrolment in public institutions, then the SA higher education enrolment would total well in excess of 700 000 in 1998 (Cloete, 1998:23).

Universities dominate the student enrolment in the public higher education sector. More than 60% of all students are enrolled in universities, about 30% in technikons and the balance in colleges. SA has one of the largest higher education systems on the African continent, and probably the highest participation rate. By the mid-1990's more than 20% of South Africans in the age group 20-24 were enrolled in either public or private higher education institutions. Comparable participation rates for some other countries in the early to mid-1990's can be seen in Table 2.6.

Table 2.6: Comparable participation rates in higher education (1990's)

USA	76%
NETHERLANDS	39%
UK	28%
CHILE	23%
SA	20%
MEXICO	14%
BRAZIL	12%
NIGERIA	4%
GHANA	1%

Source: Buikema, 1998:22

2.4.1.1 Student enrolments in universities and technikons

Student enrolment in SA's universities and technikons grew rapidly between 1986 and 1996. The student enrolment total doubled over this period - from 279 000 in 1986 to 573 000 in 1996. Most of the growth has been in the technikon sector, which expanded from 45 000 in 1986 to 191 000 in 1996. University student enrolment grew from 234 000 in 1986 to 382 000 in 1996. The most rapid growth in student enrolments between 1986 and 1996 has been that of African students. These changes can be seen in the Table 2.7 below.

Table 2.7: University plus technikon enrollments 1986-96

	1986	1996
African students	53 000 (19%)	308 000 (54%)
Coloured students	17 000(6%)	32 000 (6%)
Indian students	22 000 (7%)	37 000 (7%)
White students	188 000 (67%)	196 000 (34%)
<i>Total</i>	279 000 (100%)	573 000 (100%)

Source: "Survey; The Best in Higher Education", (1998:28)

It is clear that the participation of African students has grown dramatically in this period, but no clear evidence exists of where the "missing" white students have gone. The most likely possibilities are that many are either enrolling in private colleges or are simply not enrolling in higher education institutions at all. Other reasons could be the poor standard 10 results. The number of school leavers obtaining matriculation exemption has fallen between 1994 and 1997. A further cause of the leveling off in student enrolments is almost certainly the high costs associated with higher education in SA.

2.4.1.2 Graduates

Approximately 15% of students enrolled in SA's universities and technikons complete their degrees or diplomas each year. The graduate/diplomate total in 1996 was 83 000.

This graduate total fell into the following broad categories:

Table 2.8: Field of study of graduates: 1996

Field of study of graduates: 1996	
Science / Technology	25 000 (30%)
Business / Commerce	17 000 (20%)
Humanities / Social sciences	41 000 (50%)

Source: "Survey; The Best in Higher Education", (1998:29)

Estimates made recently suggest that the SA formal economy cannot at present absorb as many as 83 000 new graduates each year. The implication is thus that many of these graduates and particularly those in the humanities and social sciences will have to take positions at levels lower than they would have anticipated at the beginning of their studies - e.g. positions which would previously have been filled by school leavers. SA. it can be argued, faces increasingly the prospect of graduate **underemployment** (Cloete. 1998:26-29).

2.4.2 The SA private higher education providers

As pointed out earlier, no detailed study on the South African private higher education sector is available. The EDUPOL survey found that in 1995 an estimated 241 000 students enrolled in training programmes at these colleges and, invested some R334 000 000! Training is predominantly undertaken through distance education, principally through correspondence, and is predominantly in commercial subjects. Special reference is also made to private colleges not affiliated to formal associations (such colleges handle approximately 7,5% of the private sector college students). Estimates from the study by EDUPOL put enrolments at the tertiary level in private colleges at 147 654 in 1995, projects it at 189 456 in 1997, with sustained high growth thereafter.

Despite the major problems facing the education industry in South Africa, there are enormous opportunities for companies dealing with private education solutions. The changing environment will enhance companies that are able to manage the problems in the industry better through more effective use of human resources or through innovative use of technology.

This section will point out opportunities and risks for private providers of tertiary education, and the institutions, which are members of the three formal associations in the sector, viz. The association of Distance Education Colleges (ADEC), the Association of Private Colleges of South Africa (ACPSA), and the Correspondence Colleges Council (CCC) (a statutory body with which all correspondence colleges must be registered under the correspondence colleges act of 1965). These colleges will be discussed, then private companies listed on the Johannesburg Stock Exchange (JSE), and lastly known overseas universities operating in South Africa will be pointed out.

2.4.2.1 Opportunities in the market favouring private education providers

Some might argue that education should be left to the government and that the private sector should not interfere with this basic service that should be provided to everyone. In a perfect economy, this should indeed be the case. However, as we know, the South African economy is far from perfect and the current state of our education system leaves a lot to be desired (as well as a huge gap that can be filled by the private sector). A number of reasons support the view that the private education sector has a long way to go as an investment opportunity.

- **Levy on training by the Government**

Plans have been implemented that will force South Africa to spend 1,5% to 2% of employee remuneration on training. According to the South African Reserve Bank, the total remuneration to employees during 1997 was R312, 4 billion. Thus this means that an additional R3, 1 billion will flow into the national education system. Given international experience, it is unlikely that these funds will flow to the public system. More likely, it will flow to the private sector, the most likely segment to be favourably influenced by the government levies to be imposed on employers. This sector is expected to offer investors the best combination of growth and equity available (Skills Development Bill, 1997).

- **Implementation of the National Qualifications Framework (NQF)**

The South African Qualifications Authority (SAQA) Act, passed in October 1995, enables South Africa to develop its own National Qualifications Framework (NQF). The NQF covers all types of learning and achievement. This will be done through the setting of clear standards for all learning and the establishment of quality management systems, which will ensure that the standards are implemented. The objectives of the South African Qualifications Authority are: a) to create an integrated national framework for learning achievements; b) to facilitate access to, and mobility and progression within education, training and career paths; c) to enhance the quality of education and training; d) to accelerate the redress of past unfair discrimination in education, training and employment opportunities; thereby e) contributing to the full personal development of each learner and the social and economic development of the nation at large" (SAQA Act, 1995).

The implications of this Act are to create a single qualifications system, which will streamline the current array of qualifications and integrate traditional secondary education, industry training and tertiary education into a seamless stream. The system will recognise competence, no matter how or where it is gained. Learners and employees will have greater flexibility in what, where and how to learn. Learning for national qualifications will be able to occur in a combination of the workplace, technikons, universities, schools, the emerging college sector and the private sector. The introduction of the NQF will see a shift away from learning that is institution-centered to learning that focuses on learners and is therefore more relevant to their needs (Phillips, 1996:3-5). Thus public institutions will be forced to recognise qualifications of shorter duration, presented by private education providers. A greater mobility of learners will be allowed as well. Private education providers will be allowed to award nationally as well as internationally recognised qualifications.

- **Private education industry still highly fragmented and in growth phase**

Although no official figures are available in the local market, it is estimated that there are over 70 private education providers, mostly active in the post-secondary and corporate markets. Of these, only 20 are part of the listed groups on the Johannesburg Stock Exchange (JSE), the bulk still being independent. The fragmentation of the market offers both opportunities for acquisitions by the listed groups as well as opportunities for the independent groups to come to the market. It is anticipated that continued acquisition activities would be part of the corporate strategies of both education providers. This is anticipated to happen during a period in which the total industry is unlikely to consolidate and both groups are well poised to enhance their growth.

- **Problems in public education will influence private education positively**

With newspaper headlines almost everyday shocking the nation with negative publicity on the state of the public education system, parents will question the quality of public education. The current system leaves a huge gap based on the cost of educational delivery and the quality of the delivered product. It is believed that more and more concerned parents who can afford to send their children to private schools will do so. Already, education is no longer seen as a luxury item but rather as a basic good and those who can afford the private schooling system will pay extra to get the results.

- **Corporate downsizing and restructuring**

In line with international trends, this phenomenon is taking place in South Africa as well. Increasing corporate activity in the local market, with a huge focus on downsizing and restructuring should increase demand for higher education and retraining of retrenched staff. This factor, combined with continuing technological changes and further advancement of technology, necessitates the process of lifelong learning.

- **Above-average earnings growth of private education providers**

Companies listed on the JSE are expected to show much better earnings growth for the next three years than is foreseen for the total market. Main growth drivers for education providers are school expansion, facilitated by the availability of relatively cheap capital, the leverage of adding students to the existing infrastructure and the development of new courses and further acquisitions.

- **Barriers to entry still high**

Although it will not take much to open up new schools for new entrants due to the low regulation of the industry, it is believed that consumers are becoming increasingly aware of brands in the private education market. The marketing costs to attract students to a new school or campus will have to be significant in order to reach the critical mass. Also, marketing costs will have to be repeated for over two course years before the costs really pay-off for any education provider. Most of the education providers have already established their brands in the local market and have undergone the high investment to create barriers of entry. This is evidenced by total advertising expenditure on private education, which grew a total of R22 million spent on all media in 1990 to R272 million in 1996, An average annual increase of some 180%.

- **Opportunities for privatisation**

In the long term, the current system will be changed from a failing, government-run monopoly with little merits to a market-driven system that competes on price and quality. Private education providers have entered the gap and are well on their way to change the monopolistic nature of the industry. Although full privatisation is not expected, other opportunities exist for the private participants in the form of joint ventures and other ways of co-operation (Buikema, 1998:3).

2.4.2.2 Risks and challenges facing private education providers

- **Government interference**

The registration of private educational institutions of higher education with the Department of Education proved to be very problematic for a large number of institutions. (Refer paragraph 3.5.3). This illustrates that the market could become more regulated for private providers of education.

- **Management of high growth**

The listed private education providers have been able to manage their growth paths so far. In the future companies might come across the problems of growing too fast. Problems indicated relate to the management and control of the financial systems of both groups. Due to the availability of relatively cheap capital for private education providers and the fast growth of the industry, groups have been able to grow quite rapidly on the back of aggressive acquisition trails.

- **More effective competition from public sector**

Although at this moment in time it may sound like wishful thinking, it could be a threat in the future if the public system gets its act together and is able to supply more efficient and effective service to the consumer. This is unlikely to happen in the short term but could pose a threat to the private industry in the long term (Buikema, 1998:2-4).

2.4.2.3 Private Colleges

The scope and activities of some major private sector educational institutions will be outlined.

2.4.2.3.1 The College Sector Coalition (CSC)

In a submission to the NCHE the College Sector Coalition (CSC) emphasises their role of providing education and training for learners in the Adult Basic Education and Training (ABET), and further and higher education fields. The composition of the CSC was outlined as follows:

- "The Community College Association of South Africa (30 Colleges)
- The Committee of Technical Colleges Principals (140 Colleges)
- The Association of Regional Training Centres (15 Centres)
- The Adult Education and Trainers Association of South Africa (6)

- The Association of Distance Education Colleges (15 Colleges)
- The Association of Private Colleges of South Africa (46 colleges and 50 associate members)
- The South African Committee for ABET"

Nursing, agricultural, police and teacher training colleges were excluded. The CSC supported the establishment of a National Commission for Further Education to solve mutually with the higher education (HE) sector, some of the issues that could have a direct or indirect impact on the activities of further education and training. In a subsequent submission to the NCHE the Community College Association of South Africa stressed the crucial role that can be played by Community Colleges in the education of youths and adults to, inter alia, access and transfer to higher education (HE).

The organizations / institutions, listed above, are from both the public and the private sector. Enhanced collaboration between institutions from these sectors is an accelerating trend (NCHE, 1998).

2.4.2.3.2 Damelin Education Group

The Damelin Education Group was established in 1943 as a remedial school by its founder, Benjamin Damelin. Since then the group has grown steadily and by 1955. The group diversified into adult education when Johann Brummer, the previous executive chairman of the Educor group launched the adult education division. Damelin prides itself in being the largest private education organisation in Southern Africa (NCHE. 1998).

In the course of five decades, Damelin has grown to include a large number of educational disciplines. The education offered primarily embraces two areas of academic activity: college education, including high schools and correspondence colleges, and tertiary education, covering post-matric professional diploma, degree courses and management training.

On the back of the strong brand name in the local market, Damelin has been able to grow through both franchise operations and owned branches around the country. At current, the group has 45 campuses, covering most of the local market and neighbouring countries including Swaziland, Botswana and Namibia. During 1997, the group launched new tertiary franchise operations in Zimbabwe, the South African South Coast, Bethlehem, Tzaneen, Mauritius and Lesotho. This group is also in the process of expanding into technikons, in conjunction with Australian-based TAFE. Through TAFE, over 3 000 courses have been made available to local students. Damelin has further

reached agreements with Oxford Brookes University of the United Kingdom to offer their courses in the local market. Students following Oxford Brookes courses are able to obtain an internationally recognised B Com, B Com Hons or MBA (Buikema, 1998:25).

Damelin's nationwide network is able to deliver identical products due to the standardisation of courses, materials, costs, lecturers, systems, etc., which has been one of the critical success factors in the development of the brand. The quality control of the Damelin product is centralised and run from the Head Office in Braamfontein, Johannesburg.

Growth in number of students has been exceptionally strong since the beginning of the decade. A number of reasons can be ascribed to this trend, including the vast development of new courses and strong diversification into new areas under the Damelin brand name.

Table 2.9: Damelin Brands

Damelin brands	Established	Non-Damelin brands	Established
Damelin College High School	1943	Management Training & Techniques	1992
Damelin Correspondence College	1955	Technical & Further Education (TAFE)	1998
Damelin Management School	1968		
Damelin Business Campus	1989		
Damelin Degree Campus	1989		
Damelin School of Travel	1995		
Damelin Computer School	1986		
Damelin School of Banking	1994		
Damelin Corporate	1998		
Damelin Academy of Sport	1998		

Source: Buikema, 1998:35

Since Damelin has been around in the local market for over 50 years now, the brand is being perceived as a strong household brand. It does appear however as if the brand might have been overextended. It is believed that it would be difficult for the brand to add more names under the Damelin umbrella since this might actually result in saturation. In order to avoid this, other brands should be used for filling certain gaps in the market. The group has already recognised this problem and has launched new primary schools under the Eden banner (Buikema, 1998:35).

2.4.2.3.3 Midrand Campus

Midrand Campus was founded in 1989, and soon developed a reputation for adopting an innovative and dynamic approach to teaching and learning. The approach was based on the fundamental principle of teaching excellence, leading to the development of graduates who are highly competitive and sought-after in the workplace. In 1999 Midrand Campus became one of the first private universities in South Africa (Tyler¹, 1999:50).

Midrand University is part of the Educor group. The Midrand Campus is constituted by Midrand Campus I - full time campus, Midrand; Midrand Campus II - part time campus, Gresswold, Johannesburg; and Allenby In-Home Study - the distance learning division of the Midrand Campus Group (NCHE. 1998). Since the beginning of 1998, Midrand Campus opened two new campuses in Sandton, Johannesburg, and Cape Town. They are also negotiating with overseas institutions from the United States, United Kingdom and Australia, as well as local operators to set up associations and joint ventures in South Africa. They have also pioneered the truly paperless campus by technology in use at the campus. Through its software SIMON (Student Information On-line) students get marked electronically on their work and have to submit their work through the intranet. Because of SIMON, the campus is not labour-intensive, evidenced by the low staff-to-student ration of 1:250 (Buikema. 1998:37).

In general six major activities of Midrand University may be highlighted:

- A wide variety of tuition courses to registered UNISA students is provided;
- Midrand Campus in association with Thames Valley University (UK) provides opportunity to study for a Bachelor of Business Administration and Honours in Business Administration.
- Various international diploma programmes may be studied through Midrand Campus' affiliation with London City College and the Institute for Entrepreneurial Studies;
- Late afternoon and evening classes specifically for those students who cannot attend day classes;
- The Allenby In-Home study i.e. the distance learning division of the Midrand Campus Group leading to various certificate and diploma qualifications;
- Study, with the University of Cambridge, towards A-levels with/without gaining through UNISA additional university credits.

Midrand Campus grew from modest beginnings with 234 students in 1989 to an institution with 10 000 students in 1996 (NCHE, 1998).

2.4.2.3.4 INTEC College

INTEC College (established 1906) and Rapid Results College (established 1928) joined forces in June 1996 to become the largest privately owned distance-learning institution in Africa. Currently INTEC has more than 150 000 students with combined annual course sales exceeding R70 million. The acquisition by INTEC College brings together its range of 93 local and international courses covering business, technical, vocational, computer and creative studies, as well as secondary education, with Rapid Results Colleges range of 23 tertiary certificate, diploma or international degree and secondary education courses.

INTEC strives to become a global provider of vocational skills and will launch its first digital distance-learning course on the Internet in 1996. A focus will be maintained on providing Africa with affordable, effective, text-based vocational and secondary education courses. International support is provided by Rapid Results Colleges UK and International Correspondence Schools of the USA (NCHE, 1998).

2.4.2.3.5 The National Colleges

The National Educational Group Ltd. (also part of Educor, 2000) through its Success, Mentor and Lyceum Colleges operates through numerous branches on a nation-wide scale. The group concluded cooperation agreements with RAU and the University of Pretoria, which paved the way for many university-accredited certificates and diplomas in the computer, business, management, sport administration and nursing fields. Hence these colleges now provide training opportunities ranging from primary, to secondary, to technical (N1-N3), up to university-accredited courses.

Lyceum College, originally established in 1917 to meet the need for vocational training during the First World War, already assisted some 856 000 people through correspondence courses and developed into one of the largest educational institutions in Africa (NCHE, 1998).

2.4.2.3.6 Academy of Learning

The Academy of Learning was established in 1985 and has since grown phenomenally. By using an innovative concept of franchised education, the Academy was able to grow over a 13-year period to 75 franchised colleges in South Africa. Since the launch of the Academy, the company has trained over 250 000 students (NCHE. 1998). The Academy has positioned itself over the years at the lower end of the market where the price of an average course is some R500, substantially lower than prices charged by Damelin. Further, the Academy of Learning's clients are mainly individuals. The Academy's vast range of courses includes computer applications, retail marketing management, bookkeeping/accounting, personal development, travel and tourism and business management skills. The Academy of Learning also forms part of the Educor group and prospects for future growth looks bright (Buikema 1998:37)

2.4.2.3.7 Africa Growth Network (AGN)

AGN is a commercial concern facilitating access to affordable and relevant knowledge. It is owned by AGN Holdings with ABSA as founding shareholder. It brings established residential teaching organisations to the learner by eliminating distance and geographic restrictions through "fourth wave technology" i.e. through the correct balance between technology and facilitation (first wave; contact; second wave, correspondence; third wave: interaction through e.g. Internet). Information is relayed via satellite to some 3 000 receiving stations (learning points), powered in remote areas by solar cells. Two channels were created:

- For skills from literacy to NQF-level 4, and
- For professional training up to MBA.

A primary area of attention of AGN is the packaging of knowledge, in the form of video, audio text and computer-based learning materials:

AGN presents a so called: "Power Matric" a Bachelor in Business Administration (BBA) and other programmes. Through input from the Department of Education the HSRC the Independent Examination Board (IEB) the University of Witwatersrand, Promat College, the Matriculation Board and leading Private Schools the so-called "Power Matric" was designed and the development costs sponsored by Sanlam. The Bachelor in Business Administration (BBA) degree was developed by Potchefstroom University in association with California State University. AGN makes the degree accessible through a network of 26 remote campuses, where support will be offered to students by means of subject specialists and facilitators.

Other learners are served in-house by clients of AGN. AGN's capacity is far from fully utilised. Already more than 80 major organisations "grow" their people through AGN and amongst the accrediting organisations (12) the following may be mentioned: the Independent examination board; National Productivity Institute; Potchefstroom University for CHE; Rand Afrikaans University; University of Stellenbosch Business School; Witwatersrand University; Technikon SA and California State University Dominguez Hills.

2.4.2.4 Private listed companies

The two biggest listed private companies in South Africa are the Education Investment Corporation and Advtech Education Holdings. They have proven that there is a market for private education.

2.4.2.4.1 Education Investment Corporation Educor

The Education Investment Corporation (Educor) is an investment holding company, which specialises in the provision of education content and training services (education). The biggest shareholder in the company is Naspers, with a shareholding of forty percent. A previous part of their business human resources management services (recruitment) has now been separated from the main focus of education (Educor, 2000). Educor's multi-disciplinary Education division covers a broad spectrum of learning, from primary to secondary school to undergraduate, post-graduate and corporate training (Tyler², 1999:57).

The Educor group was formed through the merger of Damelin and Midrand Campus in 1996. At that stage, the group was capitalised at R76 million. Since the listing in July 1996, the group has been actively involved in an aggressive acquisition trail, and now own major portions of several education and training providers (See Table 2.10)

Table 2.10: Educor's group directory

Institution	Profile	Geographic Location
The Academy of Learning	The Academy of Learning offers audio-visual training methods with particular emphasis on business and computer training. Training is self-paced, flexible and relevant to the business environment.	Office in Lyndhurst, Johannesburg and over 80 franchised colleges throughout southern Africa

Camelot and City Varsity (Allenby campuses)	This group comprises the Allenby Campuses, Camelot and City Varsity. Allenby campuses, launched in 1994, cater for students who want to study towards internationally recognised certificates and diplomas as well as undergraduate UNISA students who wish to obtain full-time or part-time tuition. Camelot International Health and Skin Care Training Group is South Africa's leading training institution in the field of beauty, health and skincare. City Varsity is Cape Town's premier film, television and multi-media school.	Campuses in Gauteng (Bramley, Joubert Park, Boksburg, Hatfield) and Durban
Allenby In-Home Power Learning	Through the medium of distance education and a suitable infrastructure, Allenby In-Home Power Learning offers education in the fields of business communication, management, finance, marketing and advertising as well as a computer qualifications. Through its subsidiary organisation, Camdev (Centre for Advanced Management Development), Allenby In-Home Power Learning offers the Heriot-Watt MBA and the Natal University Management Development Programme (MDP).	Offices in Braamfontein, Gauteng
City Varsity	City Varsity is Cape Town's film, television and multi-media school.	Cape Town
Camelot International Health and Skin Care Training Group	Camelot International Health and Skin Care Training Group is a training institution in the field of beauty, health and skincare.	Gauteng
Damelin Education Group	Damelin Education Group, established in 1943, is the largest private education institution in southern Africa. It has student numbers in excess of 100 000 studying through the various campuses/divisions each year on a full or part-time basis at high school, undergraduate and postgraduate levels. Damelin has 12 divisions offering a wide range of programmes/services. They are also the accredited South African provider of the Oxford Brookes University Bachelor degrees and MBA.	34 campuses throughout southern Africa
Eden College	Offering secondary schooling in an environment conducive to close teacher/pupil interaction, the college is recognised for its results and is supported by a strong brand name.	Campuses located in Highlands North (Johannesburg), Hyde Park; (Sandton) and Midrand, (Gating)
EduServe	EduServe provides a centralised education services hub, bringing competitive advantage to distance learning colleges through economies of scale.	Cape Town
EduFlex	Electronic publishing, particularly of training or educational material, and technical handbooks, including Multimedia and interactive testing. Also, the development of supporting website facilities such as online testing, searchable frequently asked questions, newsgroups, etc.	Cape Town

EvalUNet	EvalUNet is a developer of learning and evaluation software for the primary and secondary school market. E-SCHOOL enables educators to customise and develop their own learning exercises for deployment to learners on a LAN, while the GetAhead range is targeted at homes with school-going children.	Cape Town
ExiNet	ExiNet is a software engineering company with a proven track record of implementing complex education and business systems in Java. Specialists in building robust and scalable multi-tier client-server applications using Enterprise JavaBeans, ExiNet is also a developer of e-commerce Websites and XML based systems.	Cape Town
Graduate Institute of Management and Technology	GIMT is a corporate business school, offering a range of tailored training and development programmes to different levels and roles within a company. GIMT was started in 1991 and is an affiliate of the Henley Management College in the UK.	Offices in Sunninghill, Johannesburg
International Colleges Group	ICG is the holding company for Educor's distance learning colleges, including INTEC, ILPA and RRC.	Cape Town
ILPA College	ILPA College is South Africa's sole distance learning provider of the Post Graduate Diploma in Financial Planning, which is recognised by the Financial Planning Institute (FPI) towards professional status as a Certified Financial Planner.	Offices in Cape Town, Durban, Johannesburg, Port Elizabeth and Pretoria
Intavision	Web-based training solutions providing technology for live and self-paced learning and learner management systems.	Johannesburg (Head Office), Cape Town (Demonstration)
INTEC College	Established in 1906, INTEC College is an established and large specialist distance learning college. INTEC offers a wide range of courses, including computer, technical, creative, business, and high school programmes.	Offices in Cape Town, Durban, Johannesburg, Port Elizabeth and Pretoria
ISTUDY4.com	The Internet is revolutionising the traditional aspects of broadcasting, communication and interaction and therefore, by definition, the knowledge industry. In South Africa, the ISTUDY Group is utilising this convergence to create solutions as well as utilising the best of international markets to meet the needs of the African environment.	Rivonia
Lyceum	Lyceum is one of the biggest private distance education colleges in South Africa. Approximately 800 000 students studied through Lyceum College by means of distance education during the past eight decades.	Offices are located throughout South Africa

Media Works	Media Works/Interactive Tutor is a multimedia company that specializes in Adult Basic Education and Training Programmes.	Gauteng
Mentor	Mentor is a business college that prepares students for the world of business and management.	Braamfontein and Pretoria
Midrand Campus Group	The MCG comprises: Midrand University, Milpark Business School, Allenby Campus Group, Allenby In-Home Power Learning, Self Empowerment International, Media Works.	National
Midrand University	Midrand University is a tertiary educational institution that applies a unique approach to teaching while offering relevant education. It offers a wide range of undergraduate and postgraduate degrees, diploma and certificate programmes, accredited by internationally recognised British, American and South African universities and other tertiary education institutions. Students gain 'hands on' professional training and experience in their chosen careers by participating in internship and research programmes that form part of the academic curricula. Midrand University's Business School also provides relevant and practical MBAs and general business education and training.	Campuses in Midrand and Milpark, Gauteng
National Private Colleges	National Private Colleges, incorporating Lyceum, Success and Mentor College, is a division of the National Education Group (NEG), a full subsidiary of Naspers Ltd.	Offices are located throughout South Africa
Rapid Results College	RRC was established in 1928 and is the dominant distance learning college in Zimbabwe. RRC courses range from Junior Certificate (2nd Year Secondary School) to professional courses recognised as equivalent to University Honours level. Based in Harare, RRC also serves students in Botswana, Malawi and Zambia.	Offices in Harare and Bulawayo, Zimbabwe
Self Empowerment International	Self Empowerment specialises in the mass provision of ABET/Lifeskill training and business skills training to private and public sectors. The organisation is also involved in the provision of NQF Alignment, Standards Writing and Employment Equity implementation in both private and public sectors.	Gauteng
Siyaphambili	Siyaphambili is a provider of human resource development programmes focusing on "shopfloor" level employees. The starting point in meeting an organisation's needs is to begin with ABET and then build the other competencies required in making an organisation's workforce skilled and productive.	Operate mainly in the Eastern Cape Province, but have programmes running in all parts of the country
Success College.	Success College, in collaboration with leading South African Universities and Institutes offers a wide range of academic and vocational courses.	Offices are located throughout South Africa

Source: Educor, 2000

Growth will now be a function of the strong brands that make up the Education division and the importance of branding for the consumer in the years to come. The division is represented in every major sector of the education service provision industry with strong emphasis on corporate and tertiary education. One of the reasons for this positioning is management's belief that lifelong learning will be the area for strong growth in the future of education (Buikema, 1998:30-33). Problems the group has it seems is a legal dispute with the Academy of Learning franchises, which will need to be resolved, if no permanent damage is to be done (West, 2000:2)

2.4.2.4.2 ADvTECH Educational Holding Ltd.

The ADvTECH Group is an organisation focused on the development, deployment and management of human capital. It specialises in the areas of Recruitment, Education, Skills Development and Human Resource Management (AdvTech¹, 2000).

The group was established in October 1996 with the acquisition by ADvTECH of a number of diversified participants in the broader education market. AdvED was listed at the end of October 1997. Educor came to the market some 5 months before, giving this group a competitive advantage in terms of acquisitions through the issue of paper (Buikema, 1998:50).

ADvTECH consists of two main divisions: ADvTECH Education and ADvTECH Resourcing. The ADvTECH Education arm consists of the tertiary education, schools, and services divisions. The tertiary education division is set out in table 2.11; the schools division consists of the Crawford Schools, Abbott's College, and ADvTECH Nursery Schools; and the services division consists of the Guidelines Study Aids, Properties, and Pace Career Guidance. ADvTECH Resourcing consists of Placement / Recruitment, Skills / IT Development, and Outsourcing companies. The Placement / Recruitment division consists of Communicate Personnel, Network Recruitment, Bryan Hattingh Executive Services, Bryan Hattingh Independent Services, BRENT Personnel, Cassel & Co, Crow Associates (Australia), Quantum Human Resources (Australia), and Chisholm Recruitment Services (Australia); the Skills / IT Development division is set out in Table 2.12; and the Outsourcing division consists of the LabourNet Group, MAST Publications, and MAST Bookshops. The restructuring of the company has only been completed recently and it seems as if it is now ready to capitalise on opportunities in the education market (AdvTech², 2000).

The tertiary education can be set out in it's different businesses in table 2.11.

Table 2.11: ADvTECH's tertiary education businesses:

Varsity College	Varsity College provides full-time and part-time degree and diploma courses, catering for the school leaver and the working adult market. The college combines academic excellence with a practical orientation, ensuring that students graduate with recognised degrees and diplomas, and with skills that the workplace demands. A variety of sporting and social events also provide a campus life.
Bond University	Bond University's Sandton Campus offers a range of internationally recognised undergraduate and post-graduate degrees. Faculties include the School of Business, School of Humanities and Social Sciences, and the School of Information Technology.
Global School of Business	Global School of Business focuses on the provision of internationally recognised qualifications at diploma, degree and post-graduate levels. MBA degrees are offered from Bond University (Australia) and from Hull University (UK).
College Campus	College Campus is a provider of career-oriented computer training. A range of IT diplomas are offered, and students may progress to the SA National Certificate, the National Diploma, and ultimately the BTech degree.
Vega School of Brand Advertising Communications	Vega School of Brand Advertising Communications teaches its students to manage interaction between the consumer and the brand through the creative use of communication. Three-year and post-graduate diplomas are offered in Brand Contact Management, Creative Communication and Copywriting.
Rosebank Business College	Rosebank Business College offers nationally and internationally recognised post-matric diploma courses, as well as a comprehensive curriculum of business skills courses
IMD College	IMD College provides a wide range of institute diploma qualifications. The college provides considerable support and academic assistance to its students.
Industries Education	Industries Education is a Cape-based group, which provides training in industrial skills, secretarial skills, keyboard skills and draftsmanship. Its flagship division focuses upon development of practical skills in the hospitality industry, and in the electrical, electronic, refrigeration and metal engineering fields

Their information technology of businesses is set out in Table 2.12:

Table 2.12: ADvTECH's information technology businesses

ADvTECH Skills	ADvTECH Skills uses technology to teach technology, and has rapidly become an industry leader in e-Learning, using web technology to deliver courses via the Internet or via corporate-wide intranets. A broad range of courses covers IT applications, business and professional skills, adult basic education and industrial skills
ADvTECH Multimedia	ADvTECH Multimedia provides customised computer applications to support product marketing, train employees or to provide online support in the use of a company's business systems. In addition, this division markets tools to enable clients to develop their own applications, test individuals, or manage the training function.
ADvTECH Computer Learning Centre	ADvTECH Computer Learning Centre, in association with Rosebank Business College, provides a wide range of instructor-led courses for the corporate market. Basic and advanced courses are offered for most business computer applications, and in-depth training is also provided for certification examinations such as MCSE, ICDL and A+.
Corporate College International (ICC)	Corporate College International (CCI) is a training and development consultancy providing services to the corporate market. The college has developed a reputation for expertise in issues relating to the NQF, the Skills Development Act and the Employment Equity Act, and assists organisations to comply with statutory requirements.
Time/system SA	Time/system SA provides products and services, which ensure success in time management and personal and team planning. Software products geared to manage plans; activities, deadlines and priorities complement the paper-based product in its distinctive leather binder.

Source: ADvTECH, 2000

2.4.2.3 Overseas Universities Operating Privately in South Africa

No analysis exists on universities operating privately in the RSA. However, recent newspaper advertisement and follow-up enquiries revealed the following:

- Midrand Campus is associated with Thames Valley University (for Bachelor and Honours in Business Administration) and University of Cambridge (towards A-levels).

- Africa Growth Network collaborates with California State University and Potchefstroom University for CHE (Bachelor in Business Administration leading to an MBA).
- Henley on Thames University, represented by the Graduate Institute of Management and Technology (Director, Prof G.S Andrews): provides for an executive MBA, Post Graduate Certificate in Management, Graduate Diploma in Company Direction and short courses.
- The University of Southern Queensland, training through distance education and with Local Support Offices at Johannesburg and Bloemfontein;
- NCC Training College in alliance with the University of Oxford, Technikon SA and National Computing Centre (UK) provides for the University of Oxford validated Business Computing Diploma.
- The Institute of Management Studies in association with the Institute of Training Management for qualifications (Masters degree, graduate diploma and certificates) in business, marketing, finance and management with Leicester University. The Centre for Advanced Management Development with Heriot-Watt University for MBA degree (NCHE, 1998).
- Business School Netherlands International (BSN International) introduced a new concept for MBAs in South Africa: The action learning MBA. Offices of BSN International are situated in Cape Town, Johannesburg, Durban and Queenstown. The action learning approach uses actual case studies from the student's own companies to teach management principles (Anon 1, 1999:64).
- The University of Oxford Brookes in the UK has an agreement with Damelin to present several B Com Degrees, as well as an MBA programme (Proctor, 1998:71)
- University of Wales presents a MBA programme in conjunction with several technikons e.g. Technikon Natal, Port Elizabeth Technikon, Technikon Witwatersrand, Technikon Free State, Vaal Triangle Technikon, and Technikon Pretoria (Anon 2, 1999:58).
- Other local private educational institutions providing facilities and training leading to qualifications by overseas universities include: Boston City Campus (University of London); the Graduate Institute (Brunel University); the Production Management Institute (University of Herefordshire); Executive Education (Newport University); Christian Academy for Tertiary and Secondary Education (Newport University) (NCHE, 1998).

2.5. Competitor ratings

In an attempt to determine how the market perceives the different institutions relative to each other, two surveys will be highlighted, in terms of the relative positions of these institutions in the market. The first survey: The best in higher education, performed by CHET (Centre for Higher Education Transformation) and the Sunday Times compared public higher education institutions on "efficiency" and "innovation" measures. The second group of surveys was conducted by the "Professional Management Review" industry journal and compares public and private sector institutions.

2.5.1 Best in Higher Education Survey

The Sunday Times National survey in co-operation with CHET (Centre for Higher Education Transformation) completed in October 1998 compared different higher education institutions in terms of efficiency and innovation, while utilising SAPSE (South African Post Secondary Education information system) data (Cloete, 1998:1).

2.5.1.1 Efficiency

"Efficiency" was defined as: "cost-effectiveness and the reduction in costs in meeting these goals. Three measures were used to assess efficiency:

- Success rate relative to income per student
- Graduation rates relative to tuition fee increases
- Research output relative to staff qualifications

2.5.1.1.1 Undergraduate success rate

Averages were calculated by dividing the weighted total enrolments for all undergraduate courses taken in a given year, by the weighted total of all students passing those courses. These averages for the top 10 universities and the top 10 technikons can be seen in table 2.13.

Table 2.13: Undergraduate success rate: 1996

Universities	%	Technikons	%
Medunsa	85%	Mangosuthu	74%
Stellenbosch	84%	ML Sultan	71%
Potchefstroom	83%	Eastern Cape	69%
Pretoria	82%	Pretoria Tech	69%
Rhodes	82%	Wits Tech	69%
UCT	81%	Tech NG	68%
Wits	81%	PE Tech	67%
UWC	76%	VaalTech	65%
Natal Univ	76%	Border Tech	63%
Free state Univ	75%	Pen Tech	61%

Source: "Survey; The Best in Higher Education", (1998:4)

2.5.1.1.2 Graduates/diplomates

A measure of productivity of institutions that was used in the study is the ratio between graduates / diplomates and student enrollments. The 1996 graduate throughput rates of the top 10 institutions in each sector can be seen below. Ratios close to 20% are generally satisfactory.

Table 2.14: Graduates / diplomates as % of head count enrollment: 1996

Technikons	%	Universities	%
Cape Tech	20%	Rhodes	27%
Pen Tech	17%	Natal Univ	26%
Wits Tech	17%	RAU	25%
Pretoria Tech	17%	UCT	24%
PE Tech	15%	Stellenbosch	24%
Tech NG	14%	Vista	23%
Free State Tech	14%	Pretoria	22%
ML Sultan Tech	13%	Wits Univ	22%
Mangosuthu Tech	11%	UDW	22%
NW Tech	7%	Free state Univ	22%

Source: "Survey; The Best in Higher Education", (1998:5)

2.5.1.1.3 Cost per graduate

The average costs of the most cost efficient 10 universities and technikons are set out below in Table 2.15. To calculate the cost the total of all current and fixed asset costs were divided by the total number of graduates produced in that year. (Costs will be inflated for institutions with expensive research units).

Table 2.15:

Total cost (Government + Private income) per graduate / diplomate unit in 1996

Technikons	Total	Universities	Total
ML Sultan Tech	43 000	Vista	38 000
Wits Tech	48 000	RAU	39 000
Free State Tech	51 000	UNISA	51 000
Pen Tech	52 000	Venda	64 000
Pretoria Tech	52 000	Natal Univ	70 000
PE Tech	57 000	Pretoria	74 000
Tech NG	59 000	Rhodes	83 000
Mangosuthu	80 000	Wits Univ	85 000
Vaal	103 000	UDW	89 000
E Cape Tech	193 000	UWC	91 000

Source: "Survey; The Best in Higher Education", (1998:6)

2.5.1.1.4 Research outputs

The research productivity of universities and technikons was measured in the study by calculating for 1996 ratios of publication units to full-time equivalent academic staff members. The research units total reported only refer to publications accredited by the SAPSE system and does not include contract or other research reports. Universities and technikons are not strictly comparable as far as research outputs and research qualifications of their staff are concerned. Technikon staff, place a greater emphasis on teaching, and the orientation of their research is more towards applied contractual work.

Table 2.16: Total Publication Subsidy Units: 1996

Technikons		Universities	
Cape Tech	29	Wits Univ	791
Free State Tech	18	Pretoria	743
PE Tech	14	UCT	711
Pretoria Tech	11	Natal Univ	591
NW Tech	5	Stellenbosch	586
Pen Tech	3	UNISA	423
Tech NG	2	RAU	334
Wits Tech	2	Free State Univ	290
Vaal	2	Potch	183
		UWC	147

Source: "Survey; The Best in Higher Education", (1998:7)

These ratios could be considered low by international standards. Publication output is strongly influenced by qualifications of staff. In table 2.16 is an indication of the percentage of permanent staff with doctorates.

Table 2.17: Percentage of permanent academic staff with doctoral degrees: 1996

Technikons	%	Universities	%
Pretoria Tech	20%	RAU	60%
Mangosuthu	13%	UCT	58%
Free State Tech	10%	Potch	55%
PE Tech	5%	Stellenbosch	54%
Cape Tech	5%	UPE	51%
Tech NG	4%	Free State Univ	50%
Pen Tech	3%	Rhodes	48%
E Cape Tech	2%	Wits Univ	47%
NW Tech	2%	UNISA	45%
ML Sultan Tech	2%	UDW	44%

Source: "Survey; The Best in Higher Education", (1998:8)

2.5.1.2 Innovation

Innovation was defined as "new and different, as well as effective and efficient, responses to particular challenges, needs or policy goals". This part of the research was more qualitative in nature and institutions were asked to submit projects. The predominant themes emerging from the responses were:

1. Responsiveness to changing societal needs: entrepreneurialism, management, finance; school improvement and support; industry/technological innovation; community / rural development;
2. Access: physical expansion, academic support / new programmes, new delivery modes
3. Efficiency measures
4. Institutional Restructuring: Academic and Institutional Transformation
5. Regional and inter-institutional collaboration
6. Quality promotion, research and staff development

The eight projects chosen by the research panel were:

1. Fort Hare: Rationalisation and Restructuring: This was seen as a successful application of cost-cutting measures which effectively reduced unit costs and achieved greater institutional efficiency.
2. Free State University: The Free State Higher & Further Education & Training Trust: This regional co-operation initiative is the most wide-ranging and systematic attempt of its kind in pursuit of inter-institutional collaboration.
3. Natal Technikon: Entrepreneurial Studies Unit: This venture, linked to other related research and outreach units in the institutions, provided a particularly well developed example of the trend towards encouraging entrepreneurship, especially at the technikons.
4. University of the North West: Establishment of Faculty of Science and Technology and various centres of excellence, including the International Institute for Symmetry Analysis and Mathematical Modeling. The establishment of this faculty, linked as it is to industry partnerships and centres of excellence in niche hi-tech fields is particularly important as it reverses the apartheid-linked function

of the historically black universities which largely relegated science faculties to teacher training.

5. Port Elizabeth Technikon: Access through extension of physical facilities; This initiative highlights the importance of providing the necessary physical facilities alongside other supportive student development practices to ensure that opening access also implies increased success.
6. Potchefstroom University: Quality promotion and innovation of postgraduate education and research through internal and external review: This was a particularly well grounded scheme to promote quality within a systematic and innovative framework of planning and internal and external review, which involved the strategic identification of niche areas of development the building of the necessary capacities and resources to achieve this.
7. Rand Afrikaans University: RAU-INSET Community Education Project: This venture was a well developed example of a community partnership project, in this case in a non-health field, in which community development, service learning and research were integrated for the mutual benefit of the community, students and researchers.
8. Stellenbosch University: Partnerships Initiative: Joint Ventures with Industry: This represents a particularly well-developed and well-funded set of partnerships with both regional and national businesses, in a variety of sectors (Cloete, 1998:18-24).

It is evident from the results that changes were occurring in the public education industry, and attempts were made to participate in the transformation process. However, improvements are still needed.

2.5.2 Professional Management Review Surveys

The Professional Management Review conducts monthly surveys across a variety of industries. In terms of the education industry, a survey is usually conducted by interviewing approximately 100 industry experts or users of the qualifications, from a national sample. They are then asked to rate the qualifications. The journal then presents the results.

In this section Human Resource and Industrial Relations qualifications are compared. Diplomas at technikons and private tertiary institutions, the "best" technikons and private tertiary institutions, and computer-based education / IT courses are also compared.

Table 2.18: Human Resource / Industrial Relations education at private institutions

Best short HR / IR qualifications at private institutions		
	Golden Arrow	Silver Arrow
HR Management	Institute of Personnel Management (IPM) – 1 year certificate courses HRM Diploma 4 months	Damelin Management School
Industrial Relations	IPM – Industrial Relations Certificate	Damelin Management School IR Diploma 3 months
Best short Human Resource / Industrial Relations Course at Universities / Business Schools		
HR Management	PE Management Development Centre – Certificate Course	Not awarded
Industrial Relations	Wits Business school	Not awarded
Labour Relations	UNISA SBL – 1 year certificate	Stellenbosch Graduate School of Business – LR Development Programme
How the survey was conducted: 100 HR Directors, Recruitment directors or Personnel Directors / senior managers were interviewed for this survey. Respondents were selected from a national sample of private listed companies and parastatals.		

Source: Butcher, 1999:67

In terms of the best Human Resource / Industrial Relations (HR/IR) qualifications at private institutions Golden Arrows were received by the Institute of Personnel Management for their 4 month Diploma in Human Resource Management, and for their Industrial Relations Certificate, while Damelin Management School received the Silver Arrow. If the best HR / IR qualification at Universities or Business Schools are considered Golden Arrows were received by the PE Management Development Centre for their Certificate Course in Human Resource Management; Wits Business School for their Industrial Relations qualification, and UNISA's SBL for their one year certificate in Labour Relations.

Table 2.19: Comparison of Diploma's offered at technikons and private institutions

Best National Diploma offered at a technikon		
	GOLDEN ARROW	SILVER ARROW
Engineering	Technikon Witwatersrand	Technikon Pretoria
Human Resource	Technikon Witwatersrand	Not awarded
Management	Technikon Pretoria	
IT	Technikon Pretoria	Technikon Witwatersrand
Marketing Management	Technikon Witwatersrand	Cape Technikon
Best Diploma course offered at private tertiary institution		
	GOLDEN ARROW	SILVER ARROW
Human Resource Management	Damelin Degree Campus	Birnam Business College
Marketing	Damelin Degree Campus	Global School of Business
Computers	Damelin Computer School	Not awarded
Which technikons and private tertiary institutions are the best?		
	GOLDEN ARROW	SILVER ARROW
Best technikon overall	Technikon Witwatersrand	Technikon Pretoria
Best private tertiary institution overall	Henley Management College (GIMT)	Damelin Degree Campus
<i>How the survey was conducted: 100 HR directors, recruitment directors or personnel directors / senior managers were interviewed for this survey. Respondents were selected from a national sample of private listed companies and parastatals.</i>		

Source: (Butcher, 1999:77)

The survey results indicated that the best National Diploma's offered at technikons were those in Engineering, Human Resource Management and Marketing Management, presented by the Technikon Witwatersrand. Technikon Pretoria's National Diploma's in Management and Information Technology were considered to be the best. When Diplomas offered by private tertiary educational institutions were compared Damelin's Diplomas were considered the best in the fields of Human Resource Management, Marketing and Computers.

Respondents of the survey indicated that the best technikon overall would be Technikon Witwatersrand, while the best private educational institution were considered to be Henley Management College (GIMT).

Table 2.20: Comparison of private institutions offering Information Technology Courses

Computer-based education / IT courses for executives and which institutions offer them		
	Golden Arrow	Silver Arrow
End-user training	Training Connection (Pty) Ltd (3.80) (Complete Office Suite)	Damelin Computer School (3.43) (Microsoft Office 97)
Technical training	Training Connection (Pty) Ltd (4.25) (Microsoft Certified Solutions Developer Course / MCSD)	Training Connection (Pty) Ltd (3.86) (A+ course)
Best IT module / specialised item	Damelin Computer School (4.00) (Internet / web pages/ graphics)	Not awarded
<i>How the survey was conducted: 100 directors were contacted by PMR's Intelligence Unit (HR directors/IT managers/training & personnel directors). Respondents were interviewed telephonically, using a semi-structured questionnaire.</i>		

Source: Tyler³, 1999:36

It is evident that in terms of public higher education institutions: the business schools of Port Elizabeth, The University of the Witwatersrand, and UNISA feature strongly. The Technikon Witwatersrand and Technikon Pretoria are also rated highly by human resource directors in the industry. Damelin Management School is also rated highly overall and the industry seems to have a high awareness of Damelin. Other private institutions, which are also regarded highly, are: Global School of Business, the Institute of Personnel Management, Birnam Business College, and Henley Management College (GIMT). Information technology managers view Training Connection, and Damelin Computer School as good in offering computer-based education and IT courses (Tyler³, 1999:36).

2.6. CONCLUSION

The education industry represents the final frontier of a number of sectors dominated by public control. These industries have either voluntarily or forcibly (in response to external pressure) opened up to entrepreneurial innovation and public/private restructuring, creating significant opportunities. The crucial issue is how the South African tertiary education industry will aim to satisfy the needs of the education market.

Global trends such as the coming of the knowledge age, the coming of the personal computer, the delivery of electronic information systems and globalisation through platforms like the Internet, also influence South Africa. The development of the learning society, and paradigm shift towards life long learning, technological advances, corporate downsizing and restructuring, and effective distance-learning alternatives is of crucial importance for higher education. Individuals need to continually update their skills and knowledge to keep up with changes.

The South African education market is probably the biggest in Africa, with R35 billion being spent on education. More than 90% of education is publicly funded, but the education system has failed to yield the desired results. The ANC government also point out that the education system is seriously inefficient and wasteful. If the future market is taken into account it is clear that it is too expensive to allow mass access to higher education, which provides the financial case for reform by inter alia managing costs per full-time equivalent (FTE) student down and/or mobilising alternative sources of revenue. According to conservative estimates about 325 000 students need to be accommodated by private higher education institutions by the year 2005. For the development of private higher education, an appropriate legal framework is of crucial importance. In this a balance must be struck between suffocating private initiatives with government regulations and permissive policies that place the proprietary interests of these institutions ahead of the important training role they can play.

The South African education industry can be categorised in two strategic groups: the public and private sector. The two main strategic groups: the public and the private sector are likely to behave in the following manner:

- The public sector: This strategic group will continue to try and achieve the various national goals, while trying to improve their cost-efficiency and also to obtain "quality students". They are also subject to the same industry pressures, and resource scarcities. They will have to adapt their strategies to the goals of the national government, while they will be expected to do "more with less". Their reactions to competitive threats and market changes are also likely to be "slow".
- The private sector: It can be anticipated that the competitive response profile of private providers will continue with corporate growth strategies, consisting of organic growth, and aggressive acquisitions. They will most probably react aggressively to overt attacks on their market shares.

CHAPTER 3:

EDUCATION IN SOUTH AFRICA: THE REGULATORY FRAMEWORK

3.1. Introduction

One winter morning in 1976 several hundred scholars left the grounds of the Morris Isaacson High School in Soweto to march to the local Bantu Education Board offices to protest Afrikaans medium teaching in black schools. South Africa would never be the same again as the march sparked a firestorm that spread across the country driving thousands of young men and women into exile and the African National Congress.

Education has always been a political issue. It formed the doctrine for enslavement, and was a cornerstone of the apartheid system. Education would also become the battleground of the revolution and young scholars its vanguard and its cannon fodder. Their view can be summarised as: "Liberation before Education".

This chapter will address the background of the education situation in South Africa, the ANC's policy statements regarding education as it was initially spelt out in the Reconstruction & Development Programme, the recommendations of the National Council of Higher Education (NCHE), which forms the basis of how higher education should be transformed, and the basis of the National Qualifications Framework.

3.2. Background

A decade after the protest marches and unrest started, the writing was on the wall and apartheid was dying. The ANC, already concerned about what it would inherit, issued a series of statements from Lusaka urging young black scholars to return to school and prepare to take their place as masters of a new and free South Africa. The movement sent several key personnel - including MK Chief of Staff Chris Hani - into South Africa at often extremely high risk to urge pupils and scholars to return to the classrooms. It was only partially successful and from that moment the ANC knew one of its greatest challenges would be to rebuild a culture of learning.

This background is critically important to understanding the policy decision the ANC took once it finally did attain political power in 1994 - a few months short of 18 years after the

Soweto revolt began and a period during which black education had been decimated. Education was not merely a political issue - it was embalmed in politics (Van Staden, 1998).

The history of the liberation struggle in fact restricted the choices facing the ANC regarding education and all but dictated the route it would have to follow. Open the education system to all as fast as possible despite the fact that the infrastructure would never be able to cope. Politically there was no other choice. There was no time to build capacity first and then open the system to literally millions of pupils and potential pupils. It was simply not possible to suggest that black pupils wait a few more years until a system designed for five million white South Africans was improved to the point where it could cope with the needs of a population of 40 million.

There was little or nothing of quality the ANC inherited from the old South African "Bantu" education system or the former bantustan and "self governing" states (14 in all) that was of any help. The ANC had to radically redirect state spending into the bantustan and self-governing "states", rural areas, and into rebuilding and expanding the infrastructural capacity in black township areas. This inevitably caused severe strain at the "top end" of the system that had previously catered mainly for white children and conditions (i.e. number of pupils per class) as well as standards showed a sharp decline. It was a deliberate strategic decision to continue pumping scarce resources into rural and semi rural areas at the cost of neglecting the urban demand (Bunting & Cloete, 1992:6).

The bottom line is that the shortfall in black education created by the apartheid system is simply too large for the state to close on its own even if its resource allocation and deployment operated at 100 percent efficiency (which it never will). The next crucial question is how is the state likely to respond to private sector involvement in the provision of education? The very short answer is that the state and the current custodians of its power, the ANC, would seek to promote and foster such private sector involvement. It will do this even though that will inevitably lead to a two tier education system (as it will in health care) of quality private provision and quantitative state provision. Such a system is not an anomaly, it is the norm of global experience (Van Staden, 1998).

The exact views of the ANC government was expressed in their policy document: the reconstruction and development programme (RDP).

3.3. The Reconstruction & Development programme

When the African National Congress (ANC) came to power in 1994, its Reconstruction and Development Programme spelt out the role that it saw for education, in terms of the development of Human Resources (ANC, 1994:58). They saw the Education and Training system as follows:

- (3.1.1) *Education and training under apartheid is characterised by three key features. First, the system is fragmented along racial and ethnic lines, and is saturated with the racist and sexist ideology and educational doctrines of apartheid. Second, there is a lack of access or unequal access to education, and training at all levels of the system. Vast disparities exist between black and white provision, and large numbers of people - in particular, adults (and more especially women), out-of-school youth, and children of pre-school age - have little or no access to education and training. Third, there is a lack of democratic control within the education and training system. Students, teachers, parents and workers are excluded from decision-making processes.*
- (3.1.5) *The challenge that we face at the dawning of a democratic society is to create an education and training system that ensures people are to realise their full potential in our society, as a basis and a prerequisite for the successful achievement of all other goals in this Reconstruction and Development Programme.*

The following mechanisms, institutions and legislation (ANC, 1994:60-61) was proposed:

- (3.3.5) Success in rebuilding and expanding education and training depends on having an effective and responsive organisation to manage change. The education and training bureaucracy must be reorganised at national, sectoral, and provincial levels through the establishment of:
 - (3.3.5.1) *a single national ministry responsible for education and training, to set national policies, norms and standards throughout the system, to undertake*
 - *planning and provide budgetary resources for all aspects of education and training, and to manage higher education and training development;*
 - (3.3.5.2) *provincial departments responsible for education and training, to plan and manage all aspects of education and training provision other than higher education;*
 - (3.3.5.3) *statutory bodies, based on appropriate democratic representation of stakeholders, to establish standards and advise the national ministry*

and provincial departments on policy and development programmes in education and training;

- *(3.3.5.4) industry-based education and training boards with union and employer participation, to design and implement programmes within industries (with such boards partly financed by industry), consistent with standards developed for the integrated national framework;*
- *(3.3.5.5) structures of institutional governance which reflect the interest of all stakeholders and the broader community served by the institution, and*
- *(3.3.5.6) a statutory South African Qualifications Authority with responsibility for accreditation, certification and the maintenance of national standards.*

Higher education was seen as (ANC, 1994:66-67):

- *(3.3.13.1) The higher education system represents a major resource for national development and contributes to the world-wide advance of knowledge. But its present structure and capacity are seriously distorted by the apartheid inheritance, its governance systems are outmoded, and its funding arrangements have led to serious crises for both the students and the institutions themselves.*
- *(3.3.13.2) In order to address these structural problems with the seriousness they deserve, the new democratic government will consult all the significant stakeholders with a view to appointing a representative and expert higher education commission to investigate and report urgently on the role of the higher education sector in national reconstruction and development; the structure of the system; access/selection and exclusion; the role of open learning and distance education; institutional governance and the governance of the system as a whole; capacity-building and affirmative action in academic and administrative appointments; the resource base for higher education, and the system of student finance.*

The ANC appointed several research groups and commissions to investigate the education and training sector. Of these the National Education Co-ordinating Committee (NECC) commissioned 13 studies, one of which the National Education Policy Investigation (NEPI) was responsible for investigating Post-secondary Education. Another body the National Commission on Higher Education (NCHE) also conducted research, and consulted various stakeholders to draw up a broad framework for transformation of the higher education system.

3.4. The National Commission on Higher Education

The NCHE's (1996) final report formed the basis for the governing and policy framework where in higher education institutions have to operate. It is therefore imperative to examine the final report in detail.

In developing its proposals, the NCHE considered a number of key policy documents tabled since 1994: the Constitution of the Republic of South Africa; White Papers on Reconstruction and Development and on Education and Training; the Labour Relations Act; the draft White Paper on Science and Technology; the Report of the Labour Market Commission, and the new Macroeconomic Strategy.

The NCHE report intended to serve as the basis for the transformation process. It envisaged a new system of higher education characterised by *increased participation* by all sectors of society; *by greater institutional responsiveness* to policy imperatives, and by a new set *of co-operative relations and partnerships* between higher education and the broader society.

3.4.1 The need for transformation

The need for transformation stemmed from two sets of factors: **firstly**, the profound deficiencies of a system which inhibit its ability to meet the moral, social and economic demands of the new South Africa; and, **secondly**, a context of unprecedented national and global opportunities and challenges. Together, these factors require reorientation and innovation.

3.4-2 Principles and features of the new framework

3.4.2.1 Principles

The Commission identified certain fundamental principles that should guide and direct the process of transformation. These principles require that:

- Provision of resources and opportunities in higher education should be premised upon equity.
- Historical inequities must be redressed.

- Governance of the system and of individual institutions should be democratic, representative and participatory.
- Higher education should aspire to the ideal of a balanced development of national resources, material and human.
- All the services and products of higher education should pursue and maintain the highest attainable levels of quality.
- Clearly defined and appropriate tenets of academic freedom and institutional autonomy should be established and observed.
- Increased efficiency and productivity of higher education is an essential attribute of accountability for public funding.

The Commission envisages a transformed system that would be able to:

- Ensure access to a full spectrum of educational and learning opportunities to as wide a range as possible of the population, irrespective of race, colour, gender or age.
- Meet, through responsive programmes, the vocational and employment needs of a developing economy aspiring to become and to remain internationally competitive.
- Support a democratic ethos and a culture of human rights by educational programmes conducive to a critically constructive civil society, cultural tolerance, and a common commitment to a humane, non-racist and non-sexist social order.
- Contribute to the advancement of all forms of knowledge and scholarship, in keeping with internationally observed standards of academic quality, and with sensitivity to the diverse problems and demands of the local, national, southern African and African contexts.

3.4.2.2 Central features of the new framework

Within the new framework summarised below, the NCHE wanted to highlight what it regarded as three central attributes that shape and form the more detailed proposals.

- **Increased participation**

A key feature of the new framework is a policy of growth; that is, an expansion of student enrollments, feeder constituencies and programme offerings. The principles of equity and redress, as well as the imperatives of demography and development, signal an ineluctable expansion of participation in South African higher education. Greater numbers of students will have to be accommodated.

In the international literature on higher education such expansion is usually described as a transition from an elite to a mass system, or as massification. The terminology denotes more than a mere increase in enrollment. It also refers to a series of concomitant changes that must accompany greater numbers. These include: the composition of the student body, the diversification of programmes, curriculums and qualifications; the introduction of multiple entry and exit points; new relations between study and the workplace; and shifts in institutional functions and missions.

The Commission proposes a single, co-ordinated system. This is the only way in which the inequities, ineffectiveness and inefficiencies of the previous system can be eradicated. Numbers also affect standards. To combat the potentially adverse effects of rising enrollment on educational and academic standards, a policy of quality assurance becomes a necessity. Successful planning and implementation of increased participation will promote the values of equity, redress and development.

- **Greater responsiveness**

The second feature of the new framework is a heightened responsiveness within higher education to societal interests and needs. It can be described as a shift from a closed to a more open and interactive higher education system, responding to social, cultural, political and economic changes in its environment

Overall, greater responsiveness will require new forms of management and assessment of knowledge production and dissemination. It has implications for the content, form and delivery of the curriculum. It will result in a more dynamic interaction between higher education and society, which should promote development, equity, quality, accountability and efficiency.

- **Increased co-operation and partnerships**

The third main feature of the proposed framework is an emphasis on co-operation and partnerships in the governance structures and operations of higher education. The tendency towards academic insularity and institutional self-reliance will have to make way for a recognition of the functional interdependence between multiple actors and interests with a stake in higher education. Increased co-operation and partnerships among a broader range of constituencies will require participatory, responsible and accountable structures and procedures. These will depend upon trust and constructive interaction among all constituencies. The result would be a higher education sector that is more participative, democratic, accountable and transparent.

3.4.2 A framework for transformation

3.4.2.1 Proposals for a single co-ordinated system

The previous higher education system could not meet the challenges South Africa faces nor realise the goals outlined above. The NCHE proposed the following for a **new system** of higher education:

- (1) The development of a single co-ordinated system of higher education encompassing universities, technikons, colleges and private providers.
 - (1.1) To provide for expanded access over the next decade, within a context of limited increases in public expenditure.

- **(1.2) Increased participation**
 - (1.2.1) The development of a single co-ordinated higher education system must take into account the effects of rising participation rates. Growth in higher education is essential to meet the imperatives of equity, redress and development. Recent growth has not been planned at a system level, nor has its impact on institutions been even. Increased participation must occur within a framework of planned growth, linked to capacity, available resources, enhanced quality and national human resource needs.

The following proposals implied significant investment in the system's infrastructure and enhanced efficiency as a result of co-ordination and rationalisation:

- (1.2.1) A rolling three-year national higher education plan was proposed. The inclusion of higher education programmes in the National Qualifications Framework (NQF), and in a new quality assurance system to be developed within the broad ambit of the South African Qualifications Authority (SAQA) was proposed.
- (1.2.1) Planning should address mismatches between higher education outputs and national and regional needs.
- (1.2.2) The incorporation of colleges of education, nursing and agriculture into universities and technikons. and the development of a new further education sector spanning general, further and higher education was envisaged.
- (1.2.2) An expanded further education sector to offer a wide range of higher education programmes, without losing its own focus was recommended.
- (1.2.2) Distance education and resource-based learning should fulfill an

expanded role.

- (1.2.2) A restructured college sector and improved regional co-ordination should make optimal use of existing facilities and reduce duplication.
- (1.2.3) Private higher education would be encouraged.

This multipronged strategy should enable South Africa to increase its higher education participation rate to approximately 30% (as a percentage of the 20 to 24-year-old cohort) over the next decade. This will see an increase from about 800 000 students in 1995 to about 1 500 000 in 2005.

(1.2.4) The challenge was to ensure diversity within a single co-ordinated system. The solution must be sought through the operation of a regulatory environment which meets four requirements:

- Policy and planning focused on the development of an effective regulatory environment.
- Policy and planning which take as a point of departure current strengths, weaknesses, knowledge and capacities embedded in existing institutions.
- Change would occur in consultation with institutions.
- Identification of short and medium-term measures which reshape the previous structure.

The mechanisms for creating an expanded, single system included a new qualifications framework, a quality assurance system, new research funding and co-ordinating mechanisms, greater provision of distance education and resource-based learning, a systematic planning process, and an improvement of the capacity and infrastructure of higher education institutions.

- Diversification within the single co-ordinated system

(1.2.1) The Commission's task was not to propose a unified, binary or stratified institutional structure for the single co-ordinated system, but to recommend a set of transitional arrangements that would hold while national and regional needs were clarified, planning capacities were developed and institutional development proceeded. The Commission believed that the system should recognise, in name and in broad function and mission, the existence of universities, technikons and colleges as types of institutions offering higher education programmes. But these institutional types should not be regarded as discrete sectors with mutually exclusive missions and programme offerings. At a later stage in this evolution, it may be decided whether the proposed system should retain the distinction

between universities, technikons and colleges, change the nature of the distinction, and increase or decrease the number of institutional types.

The HEC should place a five-year moratorium on institutional proposals to change from one institutional type to another so as to ensure stability and organisational continuity during the transitional period.

- (1.2.5) The fundamental importance of research within higher education and its vital contribution to a National System of Innovation would be emphasised.
- (1.2.6) Key areas of capacity development should be identified.
- (1.2.7) The Commission believed that these proposals, with those for cooperative governance and goal-directed funding, provided a framework for transformation.
- (1.2.8) Recommended the establishment of a National Higher Education Information and Admissions Service, improved student selection instruments and the provision and funding of programmes to bridge the gap between further and higher education.

3.4.2.2 Proposals for co-operative governance

After extensive evaluation of models where the relationship between government and higher education have been characterised as state control, state interference and state supervision, the NCHE developed a South African variant of the state supervision approach called co-operative governance.

Within a restructured democratic state, co-operative governance entails autonomous civil society constituencies working co-operatively with an assertive government. Cooperative governance mechanisms encourage an active role for associations and different agencies. They also promote interaction and co-ordination through a range of partnerships.

- **National level**

The Minister of Education has ultimate decision-making authority in matters pertaining to higher education, except where delegations have been made. In addition to a statutory role as part of government, the Minister is also active in governance arrangements involving stakeholders.

The NCHE proposed that the Department of Education create a Branch of Higher Education to provide efficient and effective service to the new single, co-ordinated higher

education system. The Branch of Higher Education would also advise the Minister on policy matters and provide support to the proposed new national stakeholder structures. The branch would require a high-level executive manager and staff with analytical, interpretive and comparative skills.

The NCHE proposed the formation of two statutory bodies. A Higher Education Forum (HEF) of about 30 members would provide for representation and participation by organised constituencies. A Higher Education Council (HEC) of about 12 members would provide expertise that is not directly representative of sectoral or institutional interests.

The core function of the HEF would be the deliberation of policies and principles. To make it an effective participant in co-operative governance, the HEF would be a statutory stakeholder body with powers to advise the Minister on policy issues. The HEC would provide allocative and planning functions within the framework of policies and principles agreed upon by the Minister and the HEF. Members of the HEC should have knowledge and understanding of higher education issues informed by work experience or through relevant research. They should enjoy the confidence of stakeholders. Their main responsibility would be to advise the Minister on co-ordination and planning the higher education system.

For stakeholders to participate effectively in the HEF, there was an urgent need for umbrella national structures to be established. These should provide accountable representation, leadership and effective participation for staff and students. For students, the NCHE believes that the student representatives' councils (SRCs) should form the basis of a single, national representative structure. For staff, it is imperative to have an effective national structure that can engage in higher education transformation and the negotiation of salary and service conditions.

The NCHE endorsed the principles of academic freedom and institutional autonomy as key conditions of a vibrant higher education system. Academic freedom and institutional autonomy will be exercised within the new configuration of functions and responsibilities provided by the proposed model of co-operative governance. Institutional autonomy will operate within the context of co-operation and greater accountability. All authorities should recognise the right to academic freedom for individuals engaged in academic work, especially teaching, research and dissemination of findings.

- Regional level

Regional co-operation was an important strategy in overcoming some of the legacies of apartheid. It would cluster institutions across the traditional divide between historically white and historically black institutions. The NCHE proposed that the HEC should encourage the formation of non-statutory regional structures with a mix of internal and external stakeholders. Such structures could be consulted on the planning needs of the region, mergers, rationalisation, programme distribution, sharing of resources and the development of institutional capacity.

- Institutional level

Co-operative governance at the institutional level required the acknowledgment of competing and complementary interests, as well as the interdependence and common goals of different role players. It was necessary to balance participation with effectiveness, while sharing power, responsibility and accountability. To enable students and staff to participate meaningfully, resources and leadership training should be provided.

Higher education institutions need to address the pervasive issues around race and gender on their campuses through various mechanisms and policies. Major aspects to be addressed were: access (altering student and staff profile); development (capacity building and training); curriculum transformation (sensitivity to issues of race, gender, context), and institutional culture (creating an enabling and safe work and study environment).

Councils, senates and academic boards should be restructured. Institutional change should occur within the framework proposed by the Commission, which allows great scope for institutional specificity and negotiation. The Commission proposed that Institutional Forums be established in higher education institutions. (Such forums would resemble the transformation forums that developed on many campuses as an attempt by previously excluded groups to participate in policy making.) For Institutional Forums to operate effectively, student bodies need to be organised in clearly defined structures with accountability procedures. SRCs should be assisted to develop leadership capacity and continuity. The NCHE agreed with certain national student organisations that there was an urgent need for institutional codes of conduct and dispute resolution procedures.

Co-operative governance required the negotiation of industrial relations within the framework of the Labour Relations Act. The Workplace Forums specified in the Act are distinct from the Institutional Forums proposed by the Commission: the former focus upon employer-employee relations and the latter on broad transformation of the institution.

Massification will create unprecedented needs for skilled career counselling and academic guidance, both at institutional and at regional/national levels. It will be necessary to professionalise student services staff and to undertake human resource development in this area. As a general principle, clients (students) should have a more direct say over the support services provided to them. The Commission thus proposed that institutions should set up Student Services Councils, with policy advisory functions and with equal representation by students and staff/management.

The NCHE recommended legislation of a new Higher Education Act which will specify relationships at national and institutional levels. It would detail the composition, powers, functions and lines of accountability of the envisaged HEF and HEC. The Act should identify key internal governance structures at institutional level, the context in which they would operate and their respective relationships.

The proposals on co-operative governance of the system would not on their own bring about transformation of the system. These proposals are interlinked with the funding proposals that follow, as part of the strategy to establish a single, co-ordinated system (NCHE, 1996).

3.4.2.3 Proposals for goal-oriented funding of higher education

The higher education funding policies and mechanisms employed by South African government departments could be categorised as full funding of all activities, itemised budget funding and formula funding.

This set of different funding policies and practices had a number of shortcomings. The subsidy formulae for universities and technikons, for example, were partly based on principles which were neither valid nor sustainable in context. In particular, these funding policies and mechanisms would inhibit pursuit of the following higher education goals: the planning and administration of a single, co-ordinated system; diversification of the system in terms of institutional missions and programme mixes; promotion of increased participation and equal opportunities for all deserving students as a means of redress and development through planned and responsible growth policies; and provision of instructional programmes focused on human resource and other developmental needs.

The proposed funding framework was consistent with the basic principles of the system as enunciated by the NCHE: equity, redress, development, democracy, efficiency, effectiveness, financial sustainability and shared costs.

- Key elements of the new public funding framework: The funding framework proposed by the Commission consisted of two main components:
 - A formula funding component that would generate block grants for institutions offering approved higher education programmes.
 - An earmarked funding component through which funds would be allocated to institutions offering approved higher education programmes in accordance with clearly specified policy objectives.

3.4.3 NCHE final recommendations

To assist transformation of higher education the Commission developed a transformation strategy. It identified three phases of transformation and outlined the responsibilities and roles during these phases of the various higher education structures, bodies and institutions.

3.5. The implementation phase

Implementation in contrast to planning is often wrought with difficulties and challenges. The education system was no exception, and is currently still in a transformation process. Therefore the organisations involved in the process of the transformation of higher education will briefly be highlighted, how quality control in the education system should be achieved will be discussed, and problems surrounding the registration of private educational institutions will be highlighted.

3.5.1 Organisations involved

Organizations involved in the transformation process include the South African Qualifications Authority (SAQA), the Department of Education and the Department of Labour. The Department of Education works through the two band Education and Training Quality Assurance bodies i.e. the Higher Education Quality Committee of the Council for Higher Education and the emerging General and Further Education and Training Quality Assurance Council, which will be accredited by SAQA.

The Department of Labour is linked to the transformation process through the twenty five Sectoral Education and Training Authorities (SETAs) which will be accredited by SAQA as the the Education and Training Quality Assurance bodies within their sectors. Other involved parties include organised business, organised labour, professional bodies and statutory councils (SAQA¹, 2000).

3.5.2 Quality of the education system

State efforts to lift the quality of the education system are contained within the National Qualifications Framework (NQF) and the adoption of the principle of outcome-based education (QBE), where curriculum has become a central area for the transformation of teaching and learning in South Africa. The new curriculum framework has the development of human resources and potential as its main goal. Underlying the new policy is concern with the traditional "content-based" methods of teaching and training. Consequently it called for putting the emphasis on what the learners should know and would be able to do at the end of a course of learning, instead of on the means to be used to achieve those results (Phillips, 1997:3-5).

The core principles and structures of the NQF and OBE include the following:

- The reorganisation of the multitude of learning subjects into eight learning areas - language, literacy and communication; mathematics and mathematical sciences; human and social sciences; natural sciences; technology; arts and culture; economic and management sciences and life orientation.
- Combining these learning areas to allow students to acquire an understanding of and the ability to function in larger political, social, and economic contexts.
- A focus on clearly defined outcomes of the learning process (OBE). rather than on teacher input in terms of the content of the syllabus. There are two kinds of outcomes, the first of which is critical cross-field outcomes. These are more general in nature and are generated across different learning areas rather than in any specific area. They include among others: the identification and solution of problems, team work, the organisation and analysis of information, effective communication, social and environmental responsibility, and understanding of the interrelated nature of the world as a set of systems that do not exist in isolation. The second kind of outcomes is specific to each learning area, and it forms the basis for evaluation of progress and effectiveness of learning programmes. Specific outcomes would be evaluated through the use of a continuous assessment model that will be ongoing and formative or developmental in nature.

The NQF has premised on the idea that it is the skills acquired in the process of learning that are of importance, not the institutional context within which learning takes place. However, to provide some measure of uniformity and compatibility between different learning programmes, national and provincial guidelines would be developed. The curriculum would be phased in, tested and refined over a period of eight years (hence the 2005 in the title Curriculum 2005). The criticisms have come fast and furious including that as it stood, the framework has been designed in isolation from the concrete context of teaching, learning and training, under state-driven rather than education-driven imperatives, and is certain to face major difficulties as a result (Van Staden, 1998).

3.5.3 Registration of private educational institutions

In January 2000 the Ministry of Education issued a press release regarding the registration of private higher education institutions. The Department of Education had processed applications for registration from private higher education institutions since January 1999. They also stated that the registration process was also complemented by preliminary accreditation, conducted by the South African Qualifications Authority (SAQA), for both learning programmes and institutional capacity. Over 700 inquiries for application to register was received. This was probably due to the fact legally all private higher education institutions, which included local and foreign institutions, needed to be registered with the Department of Education as of 1 January 2000.

After the accreditation and registration phase was completed, the Minister of Education announced the following:

1. Certain institutions have been conditionally registered by the Department of Education in accordance with sections 53, 60 and 64 of the Higher Education Act 1997:

Institutions Conditionally Registered

- St. Augustine College of South Africa
- Promat College of Education
- Haute Couture School of Fashion Design
- De Montford University (South Africa)

2. Other institutions were offered conditional registration by the Department of Education in accordance with sections 53, 60 and 64 of the Higher Education Act 1997:

Institutions offered Conditional Registration

- AAA School of Advertising
- Academy of Financial Markets
- Afrikaanse Protestantse Akademie

- Business School of the Netherlands (South Africa)
- Cape Bible Training Centre
- Cedar College of Education
- Centre for Creative Education
- Complementary Health Studies Centre
- Contemporary Music College
- Cornerstone Christian College
- Die Evangelies Gerformeerde Bybelkollege
- Durban Computer School
- Durbanville Kollege
- Giyani College of Technology and Management
- Inscape Design College
- Jill Farquharson College of Physical and Beauty Therapy
- Kelly-Greenoaks Secretarial & Business College
- Madge Wallace College of Beauty Therapy
- Midrand Campus
- Monash University (South Africa)
- MSC Private College
- Northern Cape Career Training College
- Pretoria Marketing College
- Sonett Skoonheidsakademie
- Southern College
- St. John Vianney Seminary
- Stellenbosch Academy of Health and Skin Care Therapy
- Train-A-Child

3. Other institutions were NOT registered in accordance with sections 53 and 60 and 64 of the Higher Education Act 1997: These institutions were not to admit new students and were to inform current students of their registration status in writing.

Institutions not Registered

- African Buddhist Seminary*
- Anchor College/Anchor Foundation Educational Holdings
- Andrews University*
- Applied Management Studies
- Azaliah College
- Beautiko Academy of Beauty
- Bethel College

- Bond University*
- Bonne Sante Institute of Skin and Health Technology
- Buckinghamshire Chilterns University College*
- Business Management Training College of Southern Africa
- Cambridge Tutorial College International*
- Career Development College of South Africa
- Centre for Advanced Management Development (CAMDEV)
- Centre for Urban Theological Studies
- Charles Sturt University*
- Christian Life Training
- College of Project Management
- College of Vocational Studies
- Comite International d'Esthetique et de Cosmetologie (CIDESCO)*
- Curtin University of Technology*
- Dr L E Zandberg Healthnicon
- Durban College of Management and Economics
- Edendale College of Medical Sciences
- Executive Education
- Fundani Computer Institute.
- Griggs University*
- Hawaii Pacific University*
- Henley Management College*
- Heriot-Watt University*
- ICESA City Campus
- ICI University College*
- Innovation Business College
- International Academy of Health and Skin Care
- International Institute of Health and Beauty
- International University of Management
- Kaye Rive Education Institute
- Leeds Metropolitan University*
- Leicester University*
- London Chamber of Commerce Examinations Board*
- Mac School of Advertising.
- Maharishi Open University*
- Manpower Mentoring

- Manufacturing and Technical Skills Institute
- Morgan University*
- Napier University*
- Newport University*
- Nijenrode University*
- Open International Pentecostal
- Orlando College of Public Administration
- Oxford Brookes University*
- Preston University*
- Privest (The Learning Corporation)
- Production Management Institute of Southern Africa
- Reagent University (USA)*
- Schiller International University*
- Senior University*
- Southern Adventist University*
- St. George's University
- Stanford Business College
- Supreme Commercial College
- TDF Computer People Development
- Thames Valley University*
- The Open University of United Kingdom*
- The University of Manchester*
- The University of Sheffield*
- Trinity College London*
- University of Hull*
- University of London*
- University of Luton*
- University of North London*
- University of Southern Queensland*
- University of Surrey*
- University of Wales *
- Workwise Training College

* These were foreign institutions currently operating in South Africa, with either no legal presence in South Africa and or they did not apply for registration.

4. Institutions who submitted the necessary documentation for applying for both accreditation and registration by 30 November 1999, were being granted an extension to

operate without a certificate of registration until they are notified by the Department of Education of their registration status. These institutions would be informed of the outcome of their applications prior to 30 June 2000.

Institutions offered an Extension

- Academy of Advanced Technology
- Academy of Learning
- Africa Bible College
- Allenby Campus
- Allenby In-Home Power Learning
- Anchorlite College
- Art Directors Workshop
- Avondale College
- Bantori College
- Baptist Theological College of Southern Africa, (The)
- Boston City Campus (Boston Education Group)
- Camelot International (Health & Skin Care Training & Treatment Group)
- Centre for Logistics Excellence
- Christelike Gereformeerde Theologiese Seminarium
- City Varsity
- College Campus
- College for Career Training
- College for Computer and Business Education
- College of Natural Therapeutics (The)
- College of Sales Management
- Combus Academy SA
- Compu-Tek Training College
- Computer College of South Africa
- Credo College
- Crown for Success College
- Damelin College
- Design Centre College of Design
- Design School Southern Africa
- Discovery Community College
- Edu-Wise College
- Entrepreneurial Business School
- Esselenpark Centre of Excellence
- Exercise Teachers Academy

- Face to Face Beauty School
- FSA-Contact (Pty) Ltd
- Global School of Business
- Graduate Institute of Marketing & Technology
- Guarantee Trust Nongoma Training
- Hampton Community College
- Harriëth Jane International School of Beauty (The)
- Hebron Bible College
- Helderberg College
- Home Study College
- IMM Graduate School of Marketing
- INTEC College
- International School of Reflexology and Meridian Therapy
- Johannesburg Art Foundation
- Kagiso Leadership School of Business
- London International School of Fashion (The)
- Lowveld Tertiary College
- Lumina Business College
- Lyceum College
- Maccauvlei Training and Conference Centre
- Management College of South Africa (MANCOSA)
- Maritaaz College of Careers
- Mentor Business College
- Millennia International School of Accountancy
- Natural Health and Beauty College (The)
- New Africa Theatre Association
- Open Window Art Academy, The
- Ort-Step
- Oval International Computer Education
- P C Training College
- PAX Commercial College
- Petra College for Children's Ministries
- Pinnacle Business College
- Primarius Privaat College
- Professional Colleges of Southern Africa
- Purchasing and Supply Management (PSM) College

- Public Relations Institute of South Africa (PRISA)
- Regent College
- Rhema Bible Training Centre
- Rosebank Business College
- SA College of Natural Medicine
- SA Theological Seminary
- School of Complementary Health
- South African Association of Health and Skin Care Professionals
- South African College of Complementary Therapies cc
- South African Faculty of Homeopathy
- Southern Africa Bible College
- Southern Africa School of Theology
- Southern Business School
- Studium Philosophicum
- Success College
- Technical and Man Options
- The Full Gospel Church of God in Southern Africa
- The Institute of People Management
- The International Institute for Fitness Training, South Africa
- The South African Rugby Institute
- Training for Management Trust
- Tremar Training College
- Varsity College
- Vega School of Brand Advertising Communications
- Vunula School of Fashion Design
- Yaraka School of Holistic Therapies

The registration process, at that stage, only applied to private higher education institutions that offered learning programmes which result in the award of whole qualifications at higher education levels; in other words, learning programmes that result in the award of technikon or university equivalent certificates, diplomas, degrees, higher degrees and professional qualifications. Private institutions that exclusively offered further education and training programmes, were currently not affected by this registration requirement (SAQA², 2000). It seemed as if institutions offering shorter courses would fall under the last mentioned category.

It is clear from the statement above that some private educational institutions, run as businesses had serious threats posed to their survival. It would be essential for any educational business to register with the appropriate authorities, if it wished to continue conducting it's business.

3.6. CONCLUSION

It is clear that education has and always will be a political issue in South Africa. The current crises in education is not only the result of current resource allocation, but also part of the legacy of the apartheid years.

The role of public educational institutions will be spelt out by the government of the day. Since the government still largely funds public tertiary education, these institutions will have to adhere to the principles of increased participation, greater responsiveness and increased co-operation and partnerships. As the NCHE (1996) proposed "the new system will evolve through a planned process which recognises current institutional missions and capacities, addresses the distortions created by apartheid, and responds to emerging regional and national needs. At a later stage in this evolution, it may be decided whether the new system should retain the distinction between universities, technikons and colleges, change the nature of the distinction, and increase or decrease the number of institutional types". The implication for public tertiary educational institutions would be that they need to adapt or die. They constantly need to monitor what the intentions of the Department of Education is and will be.

As far as the private sector is concerned their role looks more positive. The White Paper (2) on education makes reference to the fact that several representative councils and associations in the independent school sector "have already informed the Ministry of Education of their wish to be associated with the government's programme of reconstruction and development". In addition the private sector has, according to the White Paper, stated a "willingness to make available the professional resources of their schools in suitable forms of partnership with the government and with schools in the public sector". The White paper expressed the government's "appreciation" of the offer to collaborate and the general tone of the government drafted document is encouraging

of private sector involvement and of minimal interference. The problematic nature of registration with the Department of Education however, also posed a threat to the operation of some private educational institutions.

There has clearly already been rapid growth in the business of providing private education. The competition has therefore intensified for students, which include "high quality" students. These developments have forced all educational institutions (public and private) to take note of marketing principles and to start organising themselves for the "new" more competitive environment of education.

CHAPTER 4:

MARKETING IN EDUCATIONAL INSTITUTIONS

4.1 Introduction

Higher education faces a complex, diverse, and turbulent environment, an environment that threatens a number of higher education institutions because of changing environmental factors. Many institutions of higher education have responded through increased marketing activity (Taylor & Reed: 1995:23-24). Higher education is mainly a public service, with much in common with other services. There are two important assumptions that can be made in this regard. The first is that any organisation benefits from the careful examination of the needs of its clients and customers. The second is that services such as the higher education service are particularly vulnerable when they fail to listen to their customers (Gray, 1991:2).

Universities and technikons now look to marketing in order to increase their resources, or at least to compensate for ongoing resource reductions. There can be no question that public higher education in South Africa is now in the midst of economic hard times and that the comfort of knowing better times are ahead is not available (De W. Bruwer, 1996:121). The question that needs to be addressed is how can marketing help educational institutions to minimise threats and to capitalise on opportunities within the changing environment. This chapter will address what the benefits of marketing are for higher education, a definition of marketing, how marketing evolves in an educational institution, and the concept of strategic marketing management applied to educational institutions.

4.2. Why are educational institutions concerned with marketing?

Internationally similar trends have occurred in the higher education industry. Changes in the macro-environment have forced educational institutions to become more responsive to market needs, and therefore a "market economy" has evolved in higher education too.

These changes include changes in government policy to decrease funding, to make higher education more responsive to "customer's needs", to improve efficiency by allowing for increased competition between public and private education providers. Changes in demography, and political and social values have forced educational institutions to respond to their customer's needs and become more market-orientated. These changes have occurred in Canada (Micheal, 1991:212-257), the United Kingdom (Gray, 1991:5-11). the United States (Licata & Frankwick, 1996:1-2), as well as in South Africa.

Institutions which understand marketing principles often achieve their objectives more effectively. Marketing is designed to produce four principal benefits:

- Greater success in fulfilling the institution's mission: Marketing provides tools for comparing what the institution is actually doing with its stated mission and goals.
- Improved satisfaction of the institution's publics and markets: Institutions who are insensitive to their markets' needs and desires may find more apathy and lower morale. Such institutions find it difficult to attract new students and adequate alumni support. Marketing, tends to produce improved levels of service and customer satisfaction, because of the focus on customer needs
- Improved attraction of marketing resources: In striving to satisfy their customers. institutions must attract various resources, including students, employees, volunteers, donors, and other support. Marketing provides a disciplined approach to improving the attractions of these needed resources (Kotler & Fox. 1995:26).
- Improved efficiency in marketing activities: Marketing emphasises the rational management and coordination of programme development pricing, communication and distribution. Many educational institutions make these decisions without considering the interrelationship, resulting in more cost for the given result. Even worse, uncoordinated marketing activities may completely miss the mark or turn away the very groups they were designed to attract.

4.3 What is marketing?

Marketing exists when people decide to satisfy their needs and wants through exchange. Most educational institutions obtain the resources they need through exchange.

Exchange is the act of obtaining a desired product or benefit from someone by offering something in return (De W. Bruwer, 1996:121). A professional marketer is skilled at understanding, planning and managing exchanges. Kotler & Fox (1995:6) define marketing as:

The analysis, planning, implementation, and control of carefully formulated programmes designed to bring about voluntary exchanges of values with target markets to achieve institutional objectives. Marketing involves designing the institution's offerings to meet the target markets' needs and desires, and using effective pricing, communication, and distribution to inform, motivate and service these markets.

Higher educational institutions establishing mutually satisfying exchange relations with their key publics will generally fare better than less responsive institutions. A marketing orientation in a higher educational institution is one in which the interests, needs and wants of the students as the customer are central. It is largely, but not only concerned with customer satisfaction. In effect then, a marketing orientation requires the participants to recognise they are engaged in a set of relationships involving exchanges (De W. Bruwer. 1996:121). The main task of the institution is to determine the needs, wants, and interests of its consumers and to adapt the institution to deliver satisfactions that preserve or enhance the consumer's and society's well-being and long-term interests (Kotler & Fox, 1995:10).

4.4.The evolution of marketing in educational institutions

Although marketing is not a new activity to educational institutions, the term "marketing" had negative connotations within educational circles, which led to the fact that it was deliberately avoided (De W. Bruwer, 1996:121). However, schools and colleges have always marketed themselves. Until recently, this has been done patchily, apologetically and instinctively. There has been little formal organization, minimal expenditure and only occasional reference to those canons of marketing which shape the marketing operations of industrial and commercial organizations. This is now rapidly changing. Further and higher education has been exhorted to market itself more professionally, and parts have responded with energy and enthusiasm to the challenge. The school

sector now faces similar challenges (Gray, 1991:3).

The following six stages are clearly discernible in the evolution of marketing applied to enrollment (Kotler& Fox, 1995:11-12):

- **Marketing is unnecessary:** Since the value of education was obvious, those who valued it would make their way to the school doors to enroll. The school's curriculum was set, and students enrolled in what the school offered, because there were no alternatives. Highly attractive schools set up procedures to select the most promising candidates from those who wanted to attend.
- **Marketing is promotion:** Schools found that they were not attracting enough students that they wanted to attract, and concluded that prospective students didn't know about them. A recruiting function was established (later an admissions office). which functioned primarily as a sales department for the school. Admissions staff operated as salespeople, making "sales calls" and sending out catalogues, brochures and posters.
- **Marketing is segmentation and marketing research:** It was realised that the admissions office's resources could be better utilised if they could gain a better understanding of how the college-choice decision was made. Then the right information could be provided at the right time. The admissions office either developed a research capability, worked with the school's director of institutional research (if there was one), or hired outside consultants to conduct, analyse, and draw implications for marketing research.
- **Marketing is positioning:** As recruitment, promotion and research activities were improved, schools sought a new basis for competition. Some began to realise they had to achieve "distinctiveness" in the minds of prospective students. They wanted to "take a position" among other educational institutions and provide a unique, valued offering to certain students. Positioning is an attempt to distinguish the school from its competitors along real dimensions that students value in order to be the preferred school for certain student segments (Stevens et al, 1996:96).
- **Marketing is strategic planning:** Some schools were not protected against competition, major changes in the economy, demographics, values, and other areas outside the institution's direct control. These schools extended their planning efforts to identify major trends and to assess how the school was

responding, and what effects it had on the school's image, positioning, its programmes, and also its ability to attract and serve students.

- **Marketing is enrollment management:** A few schools realised that the admissions office, while effective, was attending to only part of the "big picture". They attempted to optimise the student's experience at the school. Their answer was to view each student admission as the *beginning* of a relationship with the school that would continue through the period of enrollment to graduation and extend into many years as a satisfied alumna or alumnus and, hopefully as a donor and supporter of the school.

Treating each student as a valued partner in a relationship called for significant additional changes in policies, procedures, and services. Collaboration between admissions, financial aid, registration, academic advising, residence life, career development and placement, and on-campus employment became greater. Enrollment management also called for greater attention to research on student retention, student and alumni satisfaction, career placement, and other measures of effectiveness to guide improvements (Bingham, 1996:44)

Against the background of an ever-changing external environment, it is evident that educational institutions need to become more marketing-orientated. A key to achieve this objective, is to look at how a strategic marketing perspective can be applied to educational institutions.

4.5 Strategic marketing management

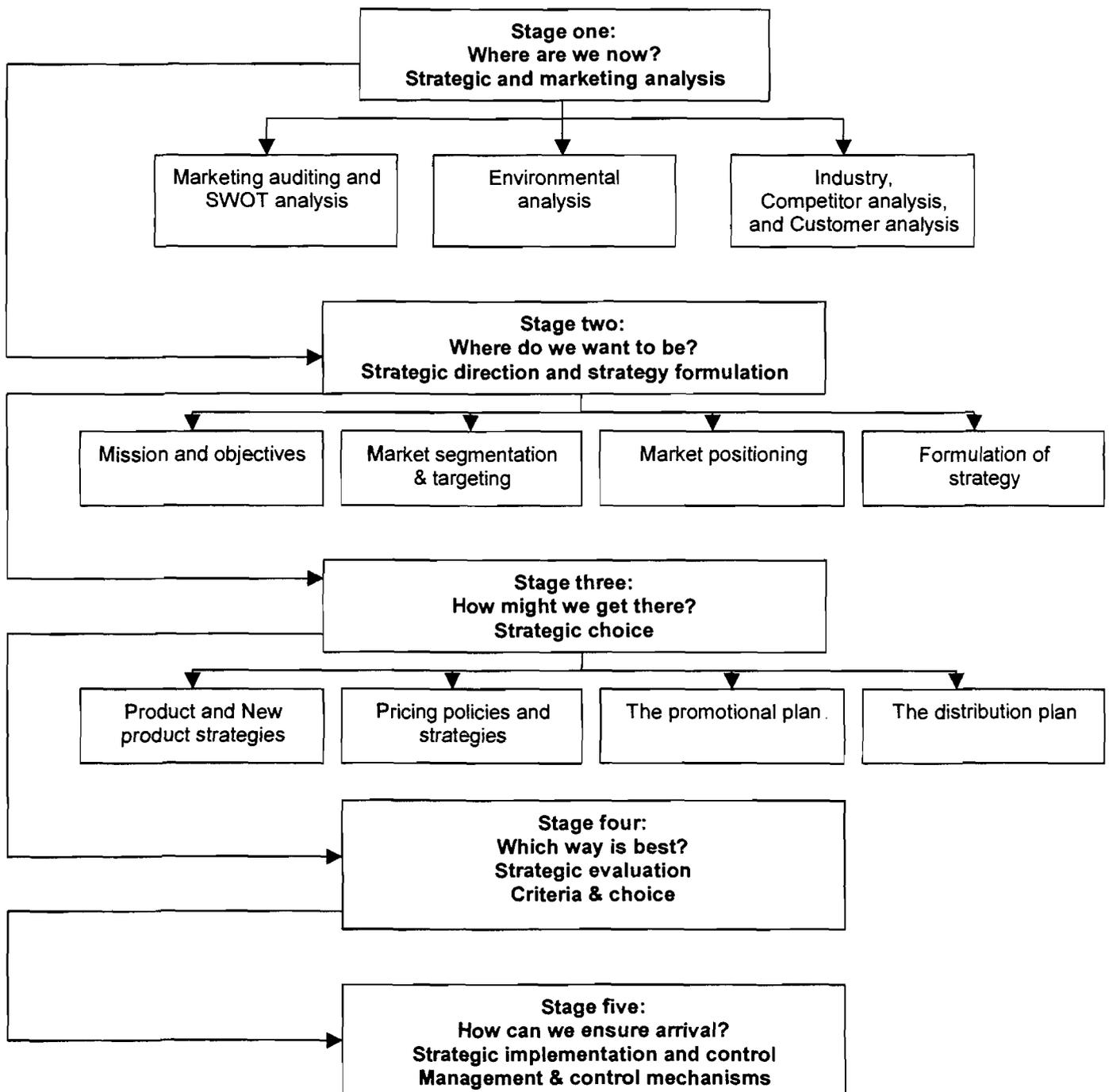
The best way to understand the strategic marketing management process is to look at it schematically (Figure 4.1 on the following page).

4.5.1 Strategic and marketing analysis

Most educational institutions find themselves operating in a turbulent environment, where only two issues are constant: The macro environment is constantly changing, and these macro environmental forces are largely outside the control and influence of the institution. Since educational institutions have a very limited direct influence on the macro environment, they must identify and adapt to macro environmental trends. An institution's performance depends on the degree of alignment between its environmental

opportunities, objectives, marketing strategy, organisational structure, and management systems.

Figure 4.1: Strategic marketing management process



Source: Walker et. al, 1997:6

In the ideal case:

Environment → Objectives → Strategy → Structure → Systems

In practice, this optimal alignment is hard to realise because the various components change at different rates. A typical educational institution may operate in the following way:

Environment Objectives Strategy Structure Systems
1999 → 1994 → 1990 → 1988 → 1984

Too often, institutions operate according to a reverse way of thinking that Structure and Systems come first, then the objectives and strategy, and if there is time left the environment should be analysed. The environment is the fastest-changing element in the picture, but educational institutions traditionally do not change rapidly. Even when trends can be anticipated long before, they tend to respond slowly. The optimal approach is to attempt to forecast what the environment will be like in five to ten years. Given this environmental forecast, leaders of the institution will set objectives; a strategy will then be formulated to accomplish the objectives within a given time frame. Then the institution will start to alter its systems to support the new strategy, rather than to impede its fulfillment (Kotler & Fox. 1995:121-123).

In the following section the model presented will be applied to higher educational institutions, in terms of strategic and marketing analysis, strategic direction and strategy formulation, strategic choice, and strategic evaluation and implementation and control.

4.5.1.1 Marketing audit and SWOT analysis

An institution should categorise key external trends or developments as either opportunities and threats, and make an assessment of the feasibility and action needed if it should either capitalise upon the opportunity or minimise the impact of the threat. Several techniques exist to aid the institution in this task. A marketing audit or resource analysis could be undertaken to establish key strengths and weaknesses of the institution. Other techniques that could prove helpful are portfolio analyses of the institution's current offerings, and a programme / market opportunity matrix to identify key opportunities.

4.5.1.1.1 Marketing Audit

A marketing audit as applied to companies can be described as a comprehensive, systematic, independent and periodic examination of a company's - or business unit's - marketing environment, objectives, strategies and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's performance. A marketing audit would thus include: a marketing environment audit, marketing strategy audit, marketing organisation audit, a marketing systems audit, a marketing productivity audit, and a marketing function audit (Wilson & Gilligan. 1997:26).

Kotler & Fox (1995:470-474) point out that a marketing audit for educational institutions should consist of the following:

- *Historical and cultural analysis:* includes current information, history of the institution, history of programmes and services, the events leading to the initiation of the study, and the current institutional climate. This part of the audit places the current institutional environment in historical perspective.
- *Marketing environment analysis:* is an assessment of the internal and external trends and significant groups that affect the institution. The following aspects of the institution's environment should be analysed: curricular programmes, student services, publics, markets, students, distribution, competition, demographic trends, economic and political factors, social and cultural factors and technology.
- *Marketing planning analysis:* assesses how the institution's mission has been translated into planning, including a marketing plan. This phase includes an evaluation of the planning function and planning mechanisms of the institution.
- *Marketing strategy analysis:* reviews the institution's strategies relating to programme selection, positioning, market segmentation, and competition, and the extent to which the current strategy is appropriate in the light of the existing and anticipated environment and opportunities.
- *Marketing organisation analysis:* is an evaluation of the formal marketing structure of the institution, or, when no formal marketing structure exists, of the various functions that support marketing.
- *Marketing information analysis:* evaluates the information and research capabilities and needs of the institution.
- *Pricing analysis:* evaluates the monetary and budgetary needs of the

institution, including an analysis of tuition, costs, fund-raising effectiveness, and the market response to tuition.

- *Administrative-department analysis:* reviews the administrative departments that support the marketing effort of the institution, typically including admissions, financial aid, development and institutional relations.
- *Curricular programme analysis:* considers the institution's programmes, degrees, majors, and courses in relation to student markets, publics, and societal trends. This analysis has implications for recruitment programmes in the various programme areas. Supporting resources, including the library and student service programmes, can be reviewed in this phase.

A marketing audit should be broad in scope, covering an institution's marketing objectives, strategies, organisation and systems. It should be conducted by an independent outsider and can be carried out periodically in a systematic manner, throughout the life of the institution. The results of an audit are objective, data based, practical, evaluative and action-orientated. The institution utilises the results, which are incorporated into a marketing report as a management tool for the implementation of changes (Goldgehn, 1982:321).

4.5.1.1.2 Resource analysis

Institutions have two kinds of resources: intangible resources, such as a good reputation, a long history, and traditions; and tangible resources, such as faculties, staff, and endowments. Both kinds shape an institution's success in the marketplace. An institution engaged in marketing planning needs to consider four resource issues:

- Its institutional environment and character
- Its stage in the institutional life cycle
- Its potential for adaptation
- Its tangible resources and marketing assets

An institution's *environment and character* derives not only from founders and its' history, but also from the institution's geographical location, local climate and size, the success of the founding organisation, and the match between the institution's offerings and its markets. An institution also needs to determine how students, faculty, staff, alumni, and other constituencies perceive it, because this information can reveal the extent to which the institution reflects its intended character.

Institutions tend to pass through *life-cycle stages*. In examining its tangible resources, an educational institution should consider its current life-cycle stage and its potential for continued adaptation, since adaptation may help prolong each stage or produce new life cycles. The life cycle follows a typical S-shaped curve, and can be divided into four stages. The institution is founded at some point and grows slowly (introduction). If successful, a period of growth follows (growth stage). The growth eventually slows down, and the institution enters maturity (maturity stage). If it fails to adapt to new conditions and reestablish its sense of direction, it will enter a period of decline (decline stage) unless and until it finds a new mission and resources to redirect its activities.

One of the major contributions of marketing analysis is to identify new opportunities by which an institution can return to a period of healthy growth or enjoy an extended maturity. An *adaptive institution* is one that operates systems for monitoring and interpreting important environmental changes and shows a readiness to revise its mission, goals, strategies, organisation and systems to be maximally aligned with its opportunities. Many educational institutions are faced with contracting resources, new financial pressures, and/or declining enrollment. Market realities should be faced and dealt with through focused adaptation and actions whereby the leadership of the institution shows that it is on the move again e.g. through the introduction of new programmes or consolidation of existing ones (Kotler & Fox, 1995:143-150).

The purpose of a *resource analysis* is to identify the strengths and weaknesses of an institution. Before such an analysis can be attempted, it is important to identify the critical success factors any educational (service) institution needs to possess to be successful in the industry, these factors should then be rated, in order to determine where the institution's distinctive competencies lie. (Distinctive competencies are those resources and abilities in which the institution is especially strong and has relevance to the target market). Institutions often find it easier to build strategies on their strengths, rather than to improve weaker areas to a level of strength. Attention should be paid to those strengths where the institution can gain a competitive advantage. The results of the resource analysis serves as an input into the strategic planning process (Smit & Cronje, 1997:131).

4.5.1.1.3 Evaluation of current offerings

Educational institutions often find they have many programmes and desires but limited resources. Since not all programmes or services can be supported equally, they must choose which programmes will receive emphasis, and which may need to be scaled down, combined or dropped. Methods to aid these decisions are the academic portfolio model and the Boston Group Consulting Matrix.

Making decisions about current major programmes constitutes an **academic portfolio strategy**. A review of programme areas is undertaken to establish the appropriate strategy, in the light of set criteria. As shown in Figure 4.2 three criteria can be used to evaluate an institution's programme: centralities to the institution's mission, the quality of the programme, and market viability (indicated in parenthesis).

Figure 4.2: Academic portfolio model

		Centrality		
		High	Medium	Low
Quality	High	Psychology (MV-H) Decision: <ul style="list-style-type: none"> • Build size • Build quality 		Home Economics (MV-H) Decision: <ul style="list-style-type: none"> • Build size • Build quality
	Medium		Geography (MV – M) Decision: <ul style="list-style-type: none"> • Hold size • Hold quality 	
	Low	Philosophy (MV-L) Decision: <ul style="list-style-type: none"> • Reduce size • Reduce quality 		Classical Languages (MV – L) Decision: <ul style="list-style-type: none"> • Reduce size or terminate

Source: Kotler & Fox, 1995:151

Centrality to the institution's mission refers to the extent to which the programme is directly related to the mission adopted by the school. Quality is a measure of the features of the programme, including its academic depth and rigour and the quality of the faculty. Market viability refers to the extent to which there is present and future demand for study in this programme area. Without a market, no programme of whatever quality would be able to survive. After the institution's programmes have been analysed, a two-stage process for programme review is recommended. Firstly, an institution has to decide which programmes should be continued, reorganised or dropped. Secondly, a decision has to be made as to how much of the institution's resources should be allocated to programmes which will be continued or reorganised (Gray, 1991:64-17).

Another approach that can be used to analyse an institution's programmes is the **Boston Consulting Group's (BCG) matrix**. The BCG recommends that companies appraise each of their main product lines on the basis of market growth rate (annual growth rate of the market in which the product is sold) and the company's share of the current market relative to its largest competitor. This portfolio approach can be adapted for use by educational institutions. Each academic area or programme can be rated high or low on two criteria: (1) market growth rate: growth in full-time-equivalent (FTE) students in that field over the last five years; and (2) market share dominance, the ratio of FTE students in that field at the largest competing institution to FTE students in that field at the institution doing the analysis. Programmes can be divided as in Figure 4.3 in four quadrants:

The four quadrants can be defined as follows:

- **Stars:** are programmes in high-growth fields in which the institution has market share dominance in terms of relative number of students. Star programmes are growing rapidly and typically require heavy investment of resources - to add faculty, library facilities, equipment etc. If the necessary investment is made and the area proves of enduring interest, the star programme will turn into a cash cow and generate cash in excess of expenses in the future.
- **Cash cows:** are programmes in low-growth fields that attract a high share of the market for such programmes. They produce revenues that can be used to support high-growth programmes or to cross subsidise those with problems.

Figure 4.3: BCG matrix for a hypothetical institution

		Relative market share	
		High	Low
Market Growth Rate	High	<p>Stars</p> <p>Art</p> <p>Languages</p> <p>Music</p> <p>Geography</p> <p>Architecture</p>	<p>Question Marks</p> <p>Business</p> <p>Chemistry</p> <p>Home Economics</p>
	Low	<p>Cash cows</p> <p>Education</p> <p>Engineering</p> <p>Journalism</p>	<p>Dogs</p> <p>Political science</p> <p>Biology</p> <p>Sociology</p>

Source: Kotler & Fox, 1995:165

- **Question marks:** are programmes in high-growth fields but in which the institution has a low market share. The institution faces the decision of whether to increase its investment in the programme, hoping to increase its market share and make the programme a star, or to reduce or terminate its investment on the grounds that the resources could be better used elsewhere.
- **Dogs:** those programmes that have a small market share in low growth markets or declining fields. Dogs usually make little money or lose money for the institution. The institution may decide to drop or shrink dogs. Unless dogs must be offered for other reasons, maintaining them may come at the expense of other opportunities for increasing excellence (Smit & Cronje, 1997:151-153).

These two portfolio approaches are useful for reviewing existing academic programmes, but an institution also continually has to seek new opportunities.

4.5.1.1.4 Identifying opportunities

After examining its current portfolio of programmes, the institution may discover significant gaps in its offerings. In such cases, a systematic approach to opportunity identification is needed. The **programme / market opportunity matrix** as in Figure 4.4 is a useful framework for undertaking this task.

Figure 4.4: Programme / market opportunity matrix

		Programmes		
		Existing	Modified	New
Markets	Existing	1. <u>Market penetration</u> Intensify promotion & recruitment of existing markets for existing products.	2. <u>Programme Modification</u> New schedules (weekend, evening). Improvement of facilities	3. <u>Programme innovation</u> Develop new programmes, majors, courses
	Geographical	4. <u>Geographical expansion</u> Open a branch campus or other site to offer the same programmes	5. <u>Modification for dispersed markets</u> Offer programmes in distant locations e.g. overseas	6. <u>Geographic innovation</u> Find new ways to serve new markets e.g. distance learning via teleconferencing, modem etc.
	New	7. <u>Market development</u> Locate new markets for current programmes: <ul style="list-style-type: none"> • Senior citizens • Homemakers • Local companies 	8. <u>Service modifications for new markets</u> Special courses for new markets e.g. job training for senior citizens	9. <u>Total innovation</u> New programmes for new markets e.g. "university without walls" for profit-training unit

Source: Kotler & Fox, 1995:171

Each cell has a name, describing the type of opportunity.

- Cell 1, market penetration illustrates that an institution can maintain or expand its enrollment by deepening its penetration into its existing markets.
- Cell 2, shows that an institution can modify its current programmes to attract more of the existing markets, by offering more flexible schedules, or by improving facilities.
- Cell 3, suggests programme innovation. This entails the development of new courses, departments or programmes. When new technology emerges an institution has to keep up with these changes and decides whether this could be incorporated or added to the current programme portfolio

- Cell 4, shows opportunities, where an institution can consider expanding into new geographical markets with existing programmes
- Cell 5 is labeled modification for dispersed markets. Several overseas universities have taken this approach to the South African market over the past few years, the University of Oxford-Brookes, the University of Wales, Thames Valley University and many more.
- Cell 6, shows geographical innovation, which involves finding new ways to serve new geographical areas. Distance learning, via teleconferencing, the internet, and various other options is possible.
- Cell 7, considers the possibility of offering existing programmes to new individual and institutional markets, like senior citizens, homemakers, and full-time employees of local companies
- Cell 8, service / programme modification for new markets may be a more realistic growth opportunity for most educational institutions. An institution may decide to offer computer literacy courses to 'mature' or 'senior citizens.
- The final category, in cell 9. total innovation, refers to offering new programmes to new markets. Various universities without walls have been established in recent years.

The opportunities outlined in the matrix, from cell 1 to cell 9 illustrates a progression from low risk/low return to high risk/high return. Opportunities should also be evaluated for their centrality, market viability, cost, and other features (Kotler & Fox, 1995:170-172).

4.5.1.2 Environmental analysis

After the internal environment of the institution has been analysed, the external environment should be monitored for possible threats and opportunities. An environmental audit answers three questions: (1) What are the major trends in the environment? (2) What are the implications of these trends for the institution? (3) What are the most significant opportunities and threats?

These questions must be examined for each of the institution's major environments: internal, markets, publics, competition, and larger macro environment (technological, political, economic, social and environmental). The aim of environmental analysis is to produce a documented picture of the most significant environmental developments the

institution must consider in formulating its future goals, strategies, structures and systems.

From the environmental audit, the planners should draw out several major threats and opportunities for further examination. Several techniques can be used to analyse the environment, for example: environmental scanning, environmental forecasting, a macro-environmental audit, scenario building and several other methods. Only environmental scanning will be discussed as an example.

4.5.1.2.1 Importance of environmental scanning

Business and institutions derive their existence from the environment. Thus, the environment should be monitored constructively. Business should scan the environment and incorporate the impact of environmental trends on the company by continually reviewing the corporate strategy (Hayward & Broady, 1995:260). The underlying importance of environmental scanning is captured in Darwinian laws: a) the environment is ever changing, b) organisms have the ability to adapt to a changing environment, and c) organisms that do not adapt do not survive. To survive and prosper in the midst of a changing environment, enterprises must stay at the forefront of changes affecting their industries (Jain, 1997:123).

4.5.1.2.2 Environmental scanning procedure

Scanning serves as an early warning system for the environmental forces that may impact a company's products and markets in the future. Environmental scanning is a comparatively new development (Hayward & Broady, 1995:260). In general, the environment was studied only for the purpose of making economic forecasts. Earlier studies show little evidence of a systematic approach to environmental scanning. A recent study of environmental scanning identifies four evolutionary phases of activity, from primitive, ad hoc, reactive, to proactive scanning (Jain, 1997:125-126).

The scanning activity in an institution evolves over time - there is no way to introduce a foolproof system from the beginning. A commitment from top management is essential. Jain (1997:140-143) suggests the following procedural steps:

- Keep track of broad trends appearing in the environment: Once the scope of environmental scanning is determined, broad trends in chosen areas may be

reviewed from time to time.

- Determine the relevance of an environmental trend: Attempts should be made to select those trends that have significance for the company.
- Study the impact of an environmental trend on a product/market: Environmental trends can pose a threat or an opportunity for a company's product/market (Hayward & Broady, 1995:259).
- Forecast the direction of an environmental trend into the future: The likely course of significant trends for a product or market should be identified.
- Analyze the momentum of the product/market business in the face of the environmental trend: The speed of diffusion of a new technology or trend should be examined to determine whether or when a company should take action
- Study the new opportunities that an environmental trend appears to provide: A trend could indicate promising new business opportunities that could be pinpointed and analysed for action (Mehra, 1996:307-308).
- Relate the outcome of an environmental trend to corporate strategy: A company needs to review its strategy on two counts: changes that may be introduced in current products/markets and feasible opportunities that the company may embrace for action. Even if an environmental trend poses a threat to a company's product/market, it is not necessary for the company to introduce a new product, a company may find a niche in the market to which it could cater despite the introduction of a new product by a competitor (Robinson, 1986:3).

4.5.1.3 Industry, Competitor & Customer analysis

Institutions compete for students, faculty, donors, and favourable public attention. No institution can afford to ignore its competition. The nature of competition between educational institutions has become more complex over the past decade and calls for more sophisticated analysis than ever before.

4.5.1.3.1 Industry & competitor analysis

The education industry has become much more competitive the past few years, due to a number of factors already mentioned. The implication of these changes, both individually and collectively, are significant and demand far more from an enterprise if it is to survive and grow. There is firstly a need for a more detailed understanding of who

it is that the enterprise is competing against and their capabilities. The marketing planner therefore can not just take the 'hard factors' (e.g. size, financial resources, capabilities) into account, but also needs to take the 'softer elements' (managerial culture, priorities, commitments to certain markets and offerings etc.) into account.

Without this, it is almost inevitable that the marketing planner will fail to come to terms with any competitive threats.

4.5.1.3.1.1 Competitor analysis: definition

Competitor analysis can be defined as a set of activities, which examines the comparative position of competing enterprises within a given strategic sector.

Competitor analysis seeks to:

- Provide an understanding of an enterprises' competitive advantage / disadvantage relative to other competitor' positions.
- Help in generating insights into competitor' strategies – past, present and potential
- Give an informed basis for developing future strategies to sustain / establish advantages over competitors (Wilson & Gilligan, 1995:117).

Although the majority of marketing strategists acknowledge the importance of competitor analysis, it has long been recognised that less effort is typically put into detailed and formal analysis of competitors, compared to customers and their buying patterns. Several attitudinal barriers to competitor analysis prevent marketers from undertaking competitor analysis: complacency, fear, the information is already known, preconceived notions, and the complexity of the analysis. It is however very necessary in order for enterprises to survive, handle slow growth, exploit opportunities, improve the quality of decisions, to stay competitive and to avoid surprises.

4.5.1.3.1.2 Competitors' likely response profile

Marketing strategists need to answer several key questions about competitors:

- Against whom are we competing?
- What are their objectives?
- What strategies are they pursuing and how successful are they?
- What strengths and weaknesses do they possess?
- How are they likely to behave, and in particular, how are they likely to react to offensive moves?

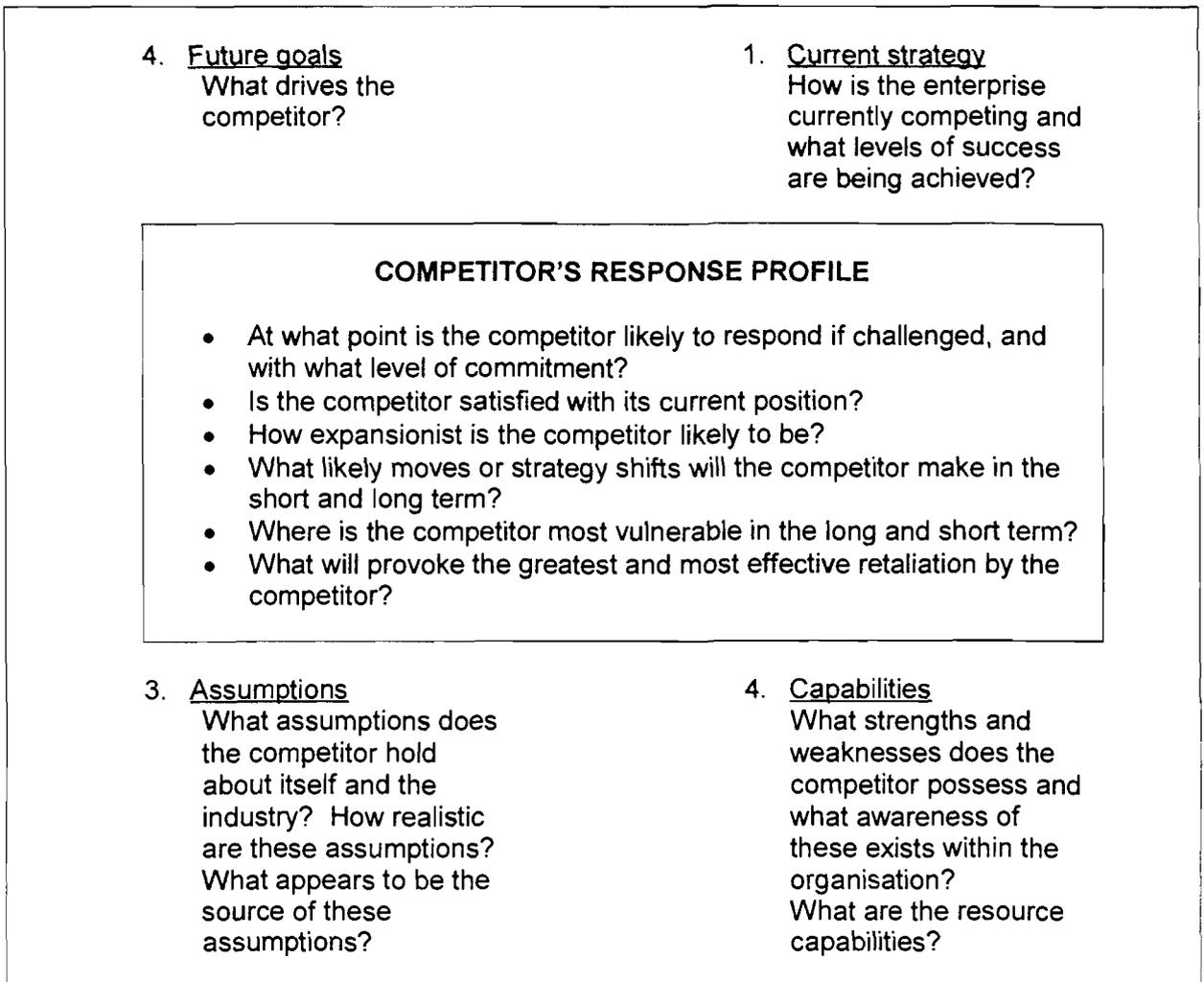
Taken together the answers to these five questions should provide the marketing strategist with a clear understanding of the competitive environment and, in particular, against whom the enterprise is competing, and how they compete. Against this background a detailed picture of the market can be developed and a likely response profile of a competitor or group of competitors can be drawn up. As seen in Figure 4.5 the response profile attempts to answer the following four questions:

- Is the competitor satisfied with its current position?
- What future moves is the competitor likely to make?
- In which segments or areas of technology is the competitor the most vulnerable?
- What move on our part is likely to provoke the strongest retaliation by the competitor?

The enterprise's own vulnerability should also be identified and taken into account.

Another technique for analysing competitors is to divide them into **strategic groups**. In the majority of industries competitors can be categorised, at least initially, on the basis of the similarities and differences that exist in the strategies being pursued. The strategist can then begin to construct a picture of the market showing the strategic groups that exist (Wilson & Gilligan, 1995:128-130).

Figure 2.5: Identifying a competitor's response profile:



Source: Wilson & Gilligan, 1995:121

The **industry perspective of competition** is implicit to any discussion of marketing strategy. An industry is seen to consist of enterprises offering a product or class of products or services that are close substitutes for one another. The nature and intensity of competition according to Porter is determined by the interaction of five key forces:

- Threat of new entrants
- Power of buyers
- Power of suppliers
- The extent of competitive rivalry, and
- The threat of substitutes (Smit & Cronje, 1997:83).

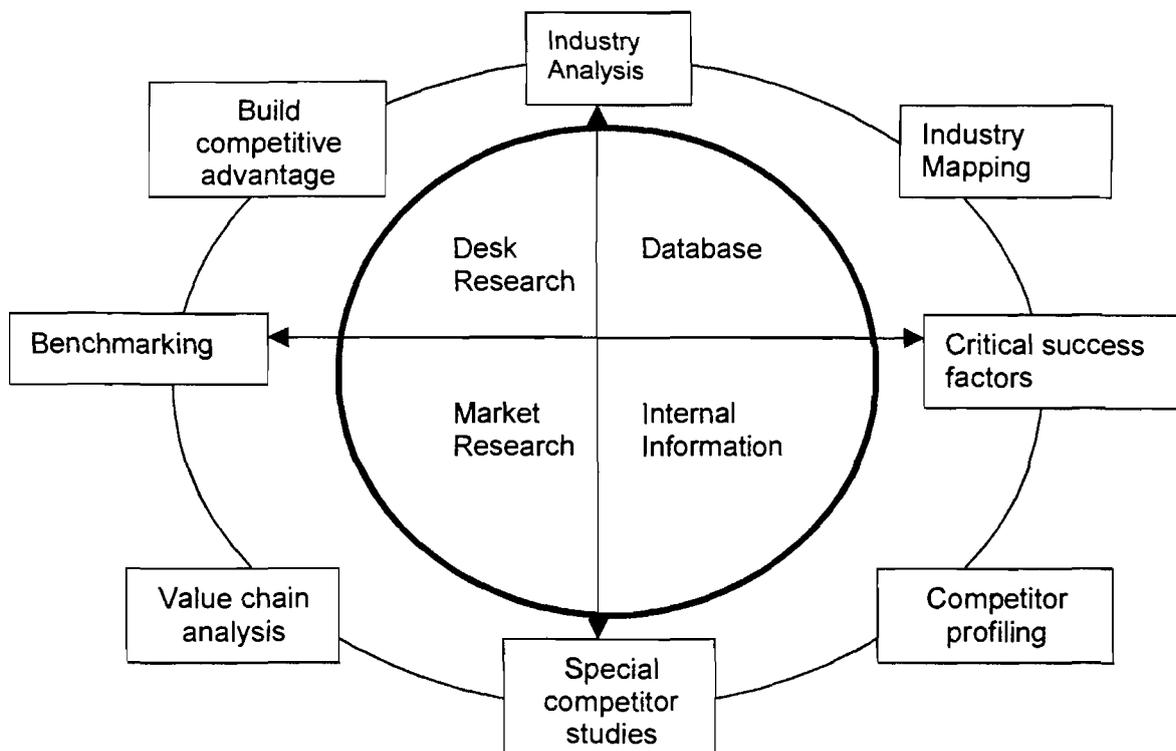
4.5.1.3.1.3 Competitive information system (CIS)

It should be apparent from the discussion so far that the need for an effective competitive intelligence system (CIS) is paramount. In establishing such a system, there are five principal steps:

1. Setting up the system and deciding what information is needed;
2. Collecting the data;
3. Analysing and evaluating the data;
4. Disseminating the conclusions'
5. Incorporating these conclusions into the subsequent strategy and feeding back the results so that the information system can be further developed.

A framework for developing a CIS is given in Figure 4.6.

Figure 4.6: A framework for developing a CIS



Source: (Wilson & Gilligan, 1995:139)

The mechanics of and effective CIS are straightforward:

- Select key competitors to evaluate. Focus on three or four per market at the most
- Select and brief data collectors in each department. This should include people from most of the functional departments: marketing, purchasing, finance, R&D, service delivery etc.
- Apply the right resource level to the task. It is usually worthwhile at least having a part-time competitive analyst, to chase, coordinate and evaluate competitive data.
- Insist on regular returns from data collectors.
- Publish regular tactical and strategic reports on competition. The tactical ones could be fortnightly and widely circulated. The strategic ones would be less frequent, perhaps quarterly, and go to senior management only.

If the enterprise is on the offensive, the strategist needs to decide which competitors to attack. In essence, this represents a choice between strong and weak competitors and close and distant competitors. The enterprise also needs to anticipate competitor strategies, and take proactive action to prevent competitors from attacking its' vulnerabilities (Michael, 1991:259).

4.5.1.3.2 Consumer analysis

It is not enough merely to examine the competition, a successful enterprise also needs to examine its consumers' needs and behaviour. An educational institution needs to determine how current and prospective customers make their decisions, including what factors they consider, how they weigh the relative importance of these factors, the process by which they arrive at a decision, and influences that operate on that process. By understanding these dimensions, the institution can be more effective in attracting and satisfying its constituents.

Students play a complex set of roles within an educational institution. At one level they are the clients, paying to receive the benefits offered by the institution's programmes. In a very real sense, however, they are also resources essential for the production of

education (De W- Bruwer, 1996:123). Information should be obtained with regard to potential students in terms of: demographic and socio-economic characteristics, factors that make the institution attractive to students, the institutions choice sets of students, information sources involved in the choice process, and the influences on students' decision-making process.

Demographic and socio-economic data can be obtained from the historical records of students and should be tracked and monitored over time. This should enable an institution to define their ideal applicant, and eventually to create a selection framework to apply to each applicant. According to De W. Bruwer (1996:125) distance and the utilities provided by the educational institution plays a major role in making an institution attractive to a potential student in South Africa. Most prospective students already consider where they want to study in their Standard 9 (Grade 11) year. The implication is that educational institutions should already be contacting potential students, before or in their Standard 9 (Grade 11) year.

Information sources potential students use in their decision-making process include: alumni, close friends, the high school counsellor, the reputation of the institution, and representatives of the institution. Therefore educational institutions should focus their marketing efforts on high school counsellors and maintain an alumni database, which is to be kept informed on an ongoing basis about the institution. In terms of the ultimate decision-maker, the student, and their parents are the chief decision-makers. Therefore the prospective student should be identified and targeted in the early years of high school. The parents also play an important role (Coccarri & Javaigi, 1995:32).

Another critical aspect of attracting and retaining students is identifying their most important institution choice criteria. It is necessary to know why prospective students wish to continue their education. Students want their studies to be interesting and stimulating, on which they place a high value. Future career prospects are also of the utmost importance, since it is believed that further education will enable them to find a better job than otherwise (Comm & LaBay. 1996:26). The choice of the specific institution is determined by the academic reputation of the institution, the specific academic course, the distance from home, the cost of tuition and quality of the student body to name the most important criteria (De W. Bruwer, 1996,127).

Mutually beneficial exchanges and effective marketing can only take place, provided educational institutions know their target market(s) well. Empowered with information, an institution can then target prospective students much better than before, determine what its image and role should be and develop strategies for effecting it.

4.5.2 Strategic direction & strategy formulation

Most firms pursue a hierarchy of interdependent strategies (firms with different business units). Interrelated functional decisions about how to divide the market into customer segments, which segments to target, what products and service enhancements to offer each segment, what promotional appeals and media to employ, and what fees to charge all reflect the marketing strategies. Marketing strategies are not created in a vacuum; they should be consistent with the direction and resources provided by the firm's corporate and business-level strategies. A marketing manager's freedom is thus constrained by strategic decisions made at higher levels within the firm.

A strategy can be defined as "a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organisation with markets, competitors and other environmental factors" (Walker et.al, 1995:8). Kotler & Fox (1995:95) define strategic planning as the process of developing and maintaining a strategic fit between the institution's goals and capabilities and its changing market opportunities. It relies on developing a clear institutional mission, supporting goals and objectives, a sound strategy, and appropriate implementation.

The strategy of the institution should cover:

- **Scope:** the breadth of its strategic domain, that is the number of courses to be presented, the market segments it competes in, and plans to enter, this reflects management mission or strategic intent
- **Goals and objectives:** Strategies should specify desired levels of accomplishments.
- **Resource deployment:** Limited human and financial resources should be

obtained and allocated across markets, functional departments and activities.

- Identification of a sustainable competitive advantage: Perhaps the most important part of any strategy is to specify how the organisation will compete in each product-market within its domain. How to position itself to develop and sustain a differential advantage over current and potential competitors? To answer these questions managers should examine the market opportunities within each business and see what needs of customers aren't being met yet, and position itself with its distinctive competencies or strengths.
- Synergy: Synergy exists when all the institution's strategies, resource deployments, and competencies complement and reinforce one another.

4.5.2.1 Mission & goals

Goal formulation involves determining the appropriate mission, goals, and objectives for the current or anticipated environment. The three terms can be explained as follows:

- Mission: contains statements regarding the basic purpose of any organisation, what it is trying to accomplish. It spells out the institution's main product / service, it's markets, as well as technologies to be used to satisfy consumer needs.
- Goals: A major variable the institution will emphasise, such as profitability, enrollment, market share, reputation.
- Objective: a goal of the institution that is made specific with respect to magnitude, time and responsibility (Kotler & Fox, 1995:150).

4.5.2.2 Market segmentation & targeting

Analysing the marketplace includes two major tasks:

- Market measurement and forecasting: determining the current and future size of the available market for the institution's programmes and services.
- Market segmentation and selection: determining the main groups making up a market in order to choose the best target groups to serve.

4.5.2.2. Market measurement and forecasting

Market measurement and forecasting is used by educational institutions to answer three key questions: Who is the market? How large is the market? What is the likely future size of the market?

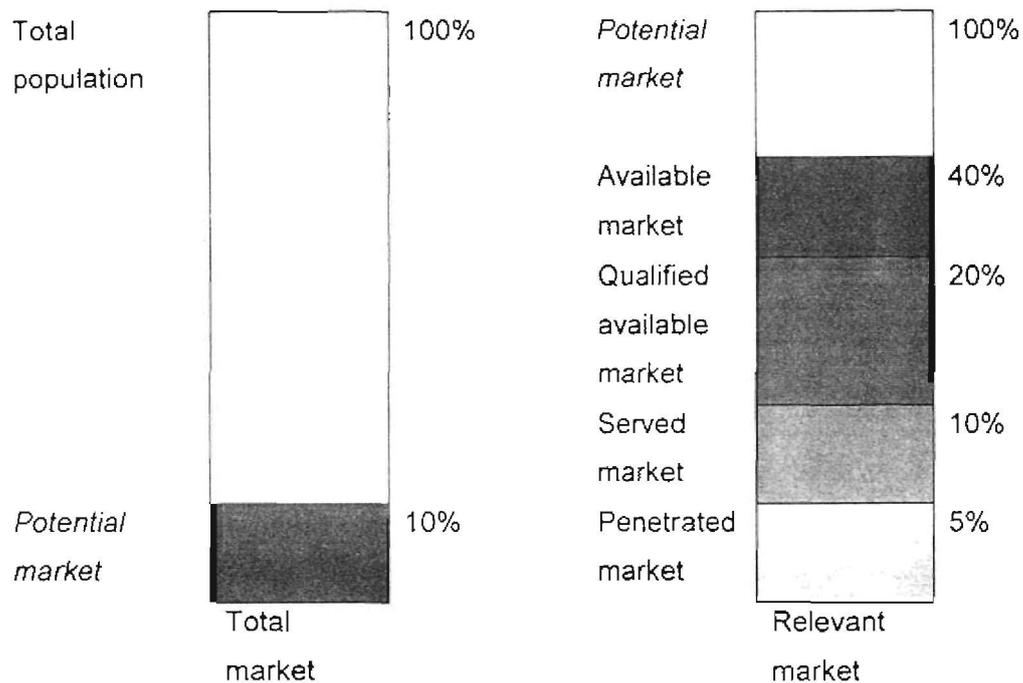
4.5.2.2.1 Defining the market

Every institution faces the task of defining who is "in its market". An educational institution has to realise that not everyone is in the market for a tertiary education. A market is the set of actual and potential customers for a market offer. These customers could be applicants, students, participants, donors and so forth. To be "in the market" customers need to possess three characteristics - interest, income and access. As in figure 4.7 it is important to distinguish between the potential market, the available market, the qualified available market, the served market and the penetrated market.

- The potential market is the set of consumers who have some level of interest in a defined market offer.
- The available market is the set of consumers who have some interest, income, and access to a particular market offer.
- The qualified available market is the set of consumers who have interest, income, access, and qualifications for the particular market offer.
- The served market is the part of the qualified available market that the institution puts effort into attracting and serving.
- The penetrated market is the set of consumers that are actually consuming the market offer.

These definitions of a market are useful in marketing planning. It shows how many customers there needs to be in a potential market, before the viability of the penetrated market can be considered a reality.

Figure 4.7: Levels of market definition



Source: Kotler & Fox, 1995:197

4.5.2.2.1.2 Measuring current market demand

Educational institutions need to make three types of estimates: total market demand, area market demand, and institutional market share.

Total market demand can be defined as follows:

Total market demand for a given product, programme or service is the total volume that would be bought by a defined consumer group in a defined geographical area in a defined time period in a defined marketing environment, under a defined marketing programme.

Market demand has an upper limit and two extreme types of market demands can be distinguished: an expansible market and a non-expansible market. The size of an expansible market is likely to be strongly affected by the level or promotional expenditures. On the other hand, a non-expansible market, such as the market for doctoral studies in astronomy, will not be much affected by the level of promotional expenditures.

Once an institution has defined its product, consumer group, geographical area, time period, environment, and basic marketing programme, it can then develop a market forecast, the expected market demand associated with a defined set of factors. Demographic data (from the census) can be used to estimate initial demand. It is also important to remember that demand will be limited within a geographical area. Current enrollment trends can be analysed to predict future demand. Other methods that could be used to estimate market demand include a one-factor index (matric), a multiple-factor index (matric, financial situation, interest), or a distance-adjusted index.

Once the total market demand has been estimated, the institution needs to determine its share of the total market, its share of the served market, and its share relative to the leading competitor or leading three competitors. Each of these market-share figures yield useful information about the institution's market performance and potential (Kotler & Fox, 1995:198-204).

4.5.2.2.1.3 Forecasting future market demand

The process of forecasting begins with listing all the factors that could influence future demand, then predicting each factor's likely future level and effect on demand. Three broad categories of factors are: (1) non-controllable macro environment, (2) competitive factors, such as tuition levels at other institutions, new programmes, and promotional expenditures, and (3) institutional factors, such as the institution's own tuition level, programmes and promotional expenditures.

A forecast of future demand is always an approximation. A forecast can be based on what people say, what people do, and what they have done in the past. Determining what people say involves conducting consumer intention surveys or getting estimates from people who are likely to know about market trends (intermediary estimates). Building a forecast on what people do involves market testing, promoting the institution or programme and measuring the response. Determining what people have done involves statistical tools to analyse records of past buying behaviour, using either time-series analysis or statistical demand analysis (Kotler & Fox, 1995:204-205).

4.5.2.2 Segmentation

Instead of trying to serve everyone, most institutions should identify the most attractive parts of the market that they could effectively serve. Institutions can approach their market segments as follows: mass marketing (one size fits all): an institution could offer one curriculum and try to convince all potential students that this curriculum is best or can adopt a programme-differentiated marketing approach. An institution using this approach differentiates its programmes and hopes each potential consumer will find something suitable among its varied offerings. The third approach an institution could use is focused (target) marketing. This approach focuses the institution's efforts on identifying and serving a particular target market. The advantages of target marketing is that an institution can spot market opportunities better when it is aware of different segments and their needs, finer adjustments of its programmes can be made to match the desires of the market, and finer adjustments in terms of prices, distribution channels, and promotional mix can be made.

Various segmentation variables can be used to divide a market into segments. Segmentation variables like geographic, and demographic are the most widely used, psychographic, behavioristic, and usage rate can also be used to segment consumer markets. Organisational customers can be segmented by organisation size, geographical location, interest profile, resource level, buying criteria, and the buying process. It is crucial that a customer segment profile should be developed of an "ideal", "suitable", and "satisfactory" customer.

When segmenting markets, it is important to consider that segments should conform to the following criteria:

- Segments need to be measurable: characteristics need to be easy to determine and ascertain
- Segments need to be accessible - in order to be reached and served effectively
- Segments need to be substantial - big enough to warrant a special marketing effort.
- Segments need to be durable - likely to persist over time.

4.5.2.3 Positioning

Every educational institution holds a position in the minds of those who have contact with or know about the institution. A *position* describes how a person or group perceives the institution relative to other institutions.

A positioning strategy should be developed by:

- Assessing the institution's current position in the relative market
- Selecting the desired positioning
- Planning a strategy to achieve the desired positioning, and
- Implementation and monitoring of the results of the strategy.

4.5.2.4 Formulation of strategy

A marketing strategy embodies the ways in which an institution will take advantage of a programme/market opportunity. Marketing strategy can be defined as follows:

Marketing strategy is the selection of a target market, the choice of a competitive position, and the development of an effective marketing mix to reach and serve the chosen market (Kotler & Fox, 1995:163). Thus, it includes decisions about:

- The institution's current programmes and markets (maintain, build or divest)
- Future new programme and market opportunities
- Analysis of competitors
- Positioning of the institution relative to competitors
- Selection of target markets and designing of the marketing mix

Several strategic options exist for market leaders, challengers, followers and nichers. A market leader could choose between two basic strategies: expanding the total market or defending market share. A challenger could attack the market leader or attack other weaker competitors. A market follower basically decides to follow the market leader. This strategy could involve an imitation of the actions of the market leader, or adaptation

of its products or services to serve customer needs. A market-nicher is an institution that focuses on a specific market segment of the market and tries to satisfy that specific target market's needs very well. A market nicher can distinguish itself from competitors by specialising in terms of the customer, a specific geographic area, a specific product or level of quality, or offering "special" services (Kotler, 1997: 374-398). It seems as if educational institutions mainly follow a market niche strategy.

4.5.3 Strategic Choice

Tactical marketing plan should follow strategic planning. Strategic planning indicates the particular programmes and market the institutions should concentrate on. For each selected programme or market, a marketing strategy must be developed. The formal marketing plan summarises the information and analysis underlying a proposed strategy and spells out the details of how the strategy will be carried out.

A marketing plan should contain the following major sections:

- Executive summary: presents a brief overview of the proposed plan for quick management scanning.
- Current marketing situation: presents relevant background data on the market, publics, competition, distribution and macro-environment.
- Opportunity and issue analysis: identifies the main opportunities and threats, strengths and weaknesses, and issues facing the institution or programme.
- Objectives: defines the goals the plan wants to reach in the areas of enrollment, donations, quality improvement, etc.
- Marketing strategy: presents the broad marketing approach that will be used to achieve the plan's objectives.
- Action programmes: this section answers the questions: What will be done? Who will do it? When will it be done? How much will it cost?
- Budget: specifies costs and forecasts the expected financial and other outcomes of the plan

- Controls: indicates how the implementation and effectiveness of the plan will be monitored (Gray, 1991:42-43).

The marketing mix for educational institutions revolves around decisions of which type of programmes and services to offer for the selected target market, determining the price of these offerings, deciding how and where to deliver these services, and communication decisions.

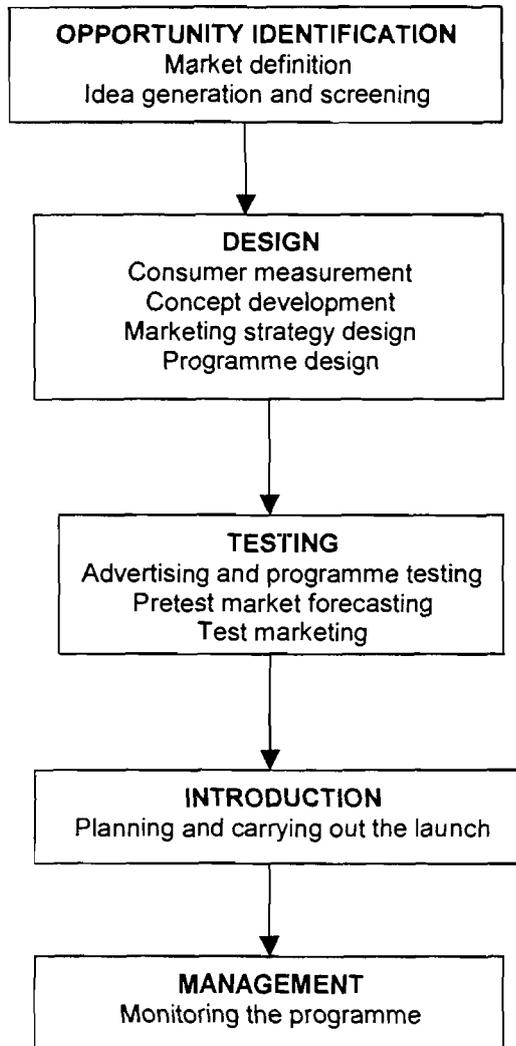
4.5.3.1 Designing educational programmes

The nature of educational offerings, has certain characteristics, associated with services, that make them intangible, difficult to store and to experience beforehand. The limitation of services vis-à-vis products also comprise the strengths of services. Should a lecturer observe students frowning, a more detailed explanation can be given. The immediacy of the teaching / learning encounter can increase its impact and value for the student, aiding his or her learning (Stevens et al. 1996:98).

As pointed out under the analysis of institutional resources, programmes and services should be aligned with the current mission and long-term goals of an institution, and the life cycle of the programme or service should also be evaluated. Should an institution find that gaps exist; new-programme development can be undertaken in a systematic manner, as illustrated in figure 4.8 on the following page.

In addition to academic programmes, educational institutions often have many supporting or auxiliary services. These services include residence halls, food service, entertainment, athletics, bookstores and so forth (Taylor & Reed, 1995:30). An institution needs to ensure that these services run smoothly and a high quality of service is rendered to its target markets. Therefore service concepts need to be discussed.

Figure 4.8: New programme and service development process



Source: Kotler & Fox, 1995:193

4.5.3.1.1 Service quality: Higher education

Student recruitment and retention is an on-going challenge, because of changing population demographics, increased enrollment competition, and a constantly changing market-environment. A critical strategy for success in these increasingly competitive service industries has been the delivery of high quality service. Service quality has been cited as not only a prerequisite for success but as a requirement for the survival of a

service firm in the 1990s and beyond. There is a growing belief that service is becoming the only road to competitive excellence for service organizations (Zammuto et. al, 1996:46).

Unfortunately, the idea of service quality (as opposed to educational quality) has not received much attention in higher education. It is important therefore to clarify the concept of quality service, provide reasons why higher education institutions need to focus on delivering good service, and to determine how to build a customer-orientated institution, through setting service standards, establishing an enrollment marketing plan. benchmarking with excellent organizations and aiming for constant improvement.

4.5.3.1.2 The service quality concept

The perceived quality of a service will be the result of an evaluation process in which customers compare their perceptions of service delivery and its outcomes against what they expected (Comm & LaBay, 1996:23).

Customers evaluate overall service quality on five underlying dimensions:

- **Reliability** is the ability to perform the promised service dependably and accurately. For example, is the student's tuition bill free of errors, do lecturers come to class on time?
- **Responsiveness**: is the willingness to help customers and provide prompt service. If there is a problem, does the institution resolve it quickly, if a student is waiting in line or at a window, does the service person acknowledge the student?
- **Assurance** involves competence, courtesy, credibility and security. Do the lecturers know their material; does the institution have a good reputation; is it safe to walk on the campus at night?
- **Empathy**: includes easy access, good communications and customer understanding. Is the institution conveniently located? Are clear signs indicating proper directions? Are classes scheduled to accommodate students' schedules, will the administration listen to complaints and understand students' point of view?
- **Tangibles**: include the appearance of physical facilities, equipment, staff, and communication materials. In this context, are the institution's facilities attractive and do the lecturers and staff dress appropriately?

One very important aspect of customer service is to understand moments of truth. Moments of truth can be defined as an episode in which a customer comes into contact with any aspect of the organisation, however remote, and thereby has an opportunity to form an impression. These brief actions or instant connections can be considered moments of truth. Usually no longer than twenty seconds, they have a lasting impact on customer' perception of the service offered. Expectations also play an important role. Expectations of the various publics are formed on the basis of a person's prior experience, statements by friends and associates, and communications with the institution.

4.5.3.1.3 The importance of good service delivery

Much literature exists that examines the concept of perceived risk in the context of traditional product marketing. Little literature is however available on the perceived risk of services. Perceived risk implies that consumers experience pre-purchase uncertainty as to type and degree of expected loss resulting from the purchase and use of a product or service. More risk is involved with the purchase of services, because services are intangible, non-standardised, and are usually sold without guarantees. Of the various type of risk, most students would incur financial, social, psychological, and performance risk regarding their choice of educational institution. An educational institution is a service provider over a long period of time. Therefore prolonged consumer adoption and diffusion would occur and marketing activities should be intended to reduce these risks for the student (Comm & LaBay, 1996:22-23).

Organisations that consistently deliver high quality services are rewarded for their efforts. High quality service enterprises are able to command higher prices, reduce marketing expenditures, and yet enjoy greater repeat business than competitors. In addition, research has demonstrated the strategic benefits of quality service in contributing to market share and return on investment (Zammuto. et. al, 1996:49).

High quality service also differentiates one service provider from competitors. Because services are intangible, innovative service offerings are relatively easy and inexpensive to imitate. High quality services also generate referral business. This is particularly important in service industries, such as higher education, where referrals are an important and primary source for new clients. In addition, high quality services can prevent potentially far-reaching effects of negative word-of-

mouth: studies have shown that a satisfied customer tells three people about a good experience, but a dissatisfied one gripes to eleven (Blem, 1995:7). Finally, high quality service may play a vital role in retaining important employees. Merrill Lynch found that good internal service, such as high quality management, operations, and sales support was vital in retaining account executives. In addition, front-line service employees (who are first to hear complaints about poor quality service) are less likely to express an intention to leave their jobs when customers perceive that the organisation is delivering high quality services (Zammuto, 1996:49).

4.5.3.1.4 Levels of “customer service” focus

Educational institutions vary considerably in terms of their level of responsiveness (level of customer service). The three types of institutions are characterised as set out below.

Table 4.1: Responsiveness of institutions

	Unresponsive	Casually responsive	Highly responsive
Complaint system	No	Yes	Yes
Surveys of satisfaction	No	Yes	Yes
Surveys of needs and preferences	No	No	Yes
Customer-orientated staff	No	No	Yes

Source: Kotler & Fox, 1995:36

A highly responsive institution not only surveys current consumer satisfaction, but also researches unmet consumer needs and preferences to discover ways to improve its services. It builds its processes to deliver that quality routinely, and selects, trains, and empowers its people to become customer-minded.

A highly responsive / customer orientated institution has the following view of students:

- They are the most important people on the campus, without them, there would be no need for the institution
- They are not cold enrollment statistics, but flesh-and-blood human beings with feelings and emotions like staff.
- They are not dependant on staff members, rather staff members are dependant

on them.

- They are not an interruption of work, but the purpose of it, staff are not doing them a favour by serving them, they are doing the institution a favour by giving it the opportunity to serve them (Kotler & Fox, 1995:36-38).

Educational institutions delivering poor service could well be at a competitive disadvantage in today's competitive market.

4.5.3.1.5 How to build a customer-orientated (responsive) institution

To transform an institution from a state of mind where students are merely "students" to where students are viewed as "customers", may be a difficult and painful process. Various steps are essential for this transformation to be successful. The following ingredients are essential:

- **Top-Administration support.** An institution is unlikely to develop a strong marketing orientation until its top leadership believes in it, understands it, wants it, and wins the support of other high-level administrators for building and creating a service culture.
- **Effective organisational design:** Certain key staff members, including marketing staff, admissions director, director of development, director of alumni, and public relations director, as well as faculty leaders should be aware of the importance of the various external markets to the well-being of the institution. They should all work together to realise a culture of "service excellence" (Comm & LaBay, 1996:31).
- **Internal marketing training.** Ideally there should be a widespread awareness and understanding of marketing, so that each employee - administrator, staff, and faculty - understand how his or her role contributes to attracting and serving the institution's publics. Employees should realise if they are not serving the customer, their job is to serve someone who is.
- **Marketing-orientated hiring practices.** Training can only go so far in inculcating the right attitudes in administrators, faculty and other employees. The first principle in developing a caring faculty and staff is to hire caring people, and include the importance of a customer orientation in their induction programme.
- **Hiring marketing specialists.** Marketing specialists and service specialists could add to the institution's services, but should encourage all staff who are involved in "moments of truth" to realise the importance of good customer service (Kotler & Fox, 1995:38-40).

4.5.3.1.6 Service standards and the measurement

Educational institutions offer a wide range of services, not just one. The core service is usually instruction, but the other services could include residential, dining, counseling, advising, career planning, tutoring, library, computer and other services. The ultimate judge of the level of service is the customer. When considering how to define the level of service, bear the following in mind:

- *Conformance to standards or specifications:* A key determinant of the level of service could be if the service is being performed according to the stated or promised guidelines. For example, if confirmation of registration is supposed to be mailed in five days: is it?
- *Consistency:* Is the service always performed exactly the same way every time? Educational institutions should aim to produce routine services in a consistent manner. This should translate into "dependable" or "always outstanding" service.
- *Outcome quality:* The service result should be that the client receives what was desired. Services should be designed to provide the outcomes customers' value, but should also try to add value or exceed expectations.
- *Process quality:* Process quality describes how the service was delivered. Processes designed to deliver service should be streamlined and enhanced to deliver the adequate level and result for the customer (Kotler & Fox, 1995:46).

Measurement is a way to obtain feedback from customers, through: customer surveys, complaint and suggestion systems, and service report cards. Customer surveys provide an organisation with information on the current state of service quality. It also gives specific feedback about how satisfied customers are with the general level of service; it provides a basis for open, nonjudgmental, and constructive discussion about service weaknesses and strengths; and lastly it provides an initial benchmark measurement that can be used to assess future progress (Leland & Bailey, 1995:125-127).

4.5.3.1.7 Benchmark with excellent organisations

The practice of benchmarking refers to measuring an institution's processes and performance by comparing them with the processes and performance of other institutions or businesses known for being "the best" on some attribute. Most of the world's most successful companies have turned to benchmarking to enhance their improvement efforts.

An institution engaging in benchmarking could undertake one or more of the following three approaches. First, the institution could compare its own performance statistics with other similar institutions to identify those, which are outstandingly better on some measure. Secondly, the institution could identify other institutions that have adopted promising procedures and practices. For example, institutions that were first to introduce highly efficient, computerised course registration procedures became models for many other institutions. Thirdly, the institution could compare its performance on selected dimensions with "the best" businesses and organizations outside the education field to identify ways to increase effectiveness. The goal of benchmarking is to identify promising new practices for the institution to implement.

4.5.3.1.8 Aim for continuous improvement

Educational institutions operate in an environment of constant change. Since it is impossible to reach the pinnacle of service excellence once and for all time, educational institutions must constantly identify and implement improvements in what they do and how they do it. Curricula need updating and revision, procedures need to be upgraded as new needs and technologies emerge, and all employees - staff, faculty and administrators - need access to constant training and development opportunities.

An educational institution can improve the quality of service by examining the following: Services from which constant complaints can be traced need to be redesigned; Employees need to be selected, trained and motivated; Front-line service providers need to be empowered to solve "customer" problems; Technological systems that support service need to be enhanced; Customers should be trained to help themselves; Top management should lead with high-visibility actions, so that all can see they are committed to delivering excellent customer service, and most importantly the service message should be communicated to customers, the positive features of how new systems will improve service delivery needs to be communicated to all publics (Kotler & Fox, 1995:55-59).

Service delivery also has cost implications, therefore depending on the number of services offered by the educational institution, pricing policies should be established.

4.5.3.2 Pricing educational programmes

Most educational institutions depend heavily on tuition and fees to keep operating, therefore, pricing issues are very important. Tuition at public and not-for-profit educational institutions rarely covers the "true cost of education", but is subsidised by donors, taxpayers, and other sources. For most educational institutions the nineties has been a period of belt-tightening marked by efforts to cut costs, increase productivity, incorporate expensive, up-to-date technology to build capabilities and value, and offer more financial aid (De W. Bruwer, 1996:123). Pressures on both sides of the balance sheet exist. In the following section the issue of price will be discussed. An institution needs to examine the relationship between pricing decisions and institutional mission and goals, how customers look at price, how to maximize net tuition revenue, and how to determine cost-recovery prices for educational programmes.

4.5.3.2.1 Pricing and institutional mission and goals

Setting prices for most educational programmes should take into account cost-orientated, customer-demand-orientated, and competition-orientated factors. The problem with cost-orientated pricing is that every educational institution can find good uses for any increase in revenues. The benefit of the competition-orientated approach is that each institution can weigh its "value" and establish its price relative to competitors - in prestige, academic quality, and other factors. But regardless of the measure used by the institution, the final decision on price is always made by the customers - what they can and are willing to pay.

An institution should consider the effects of a given pricing policy on the nature and mission of the institution, the effects of a given pricing policy on enrollment, and the degree to which a particular pricing policy may encourage acceleration. In addition, the institution must weigh prices charged by comparable competing institutions, and the effects of its own price level and price changes on the actions of such competitors. These considerations provide a basis for setting prices (Little et al, 1997:41).

4.5.3.2.2 How customers look at price

Educational administrators who set prices often overlook the meaning of price to consumers. The charges made by the institution are not the only cost to the consumer. The real price of the educational offering is what it really costs the man who wants to acquire it, that includes the toil and trouble of acquiring it. In addition, to the monetary price, consumers face other costs: effort costs, psychic costs, and time costs. Regardless of the institution's list price, prospective students and their families are interested in the effective price (the amount they will actually pay for the educational benefits) and the value received (Gray, 1991:43).

Prospective buyers find it impossible to measure effective price early in the decision process, since the effective price can be known only after the student has gone through the application process and has been accepted or rejected. Assessing the actual value of attending a particular school is also nearly impossible in advance of enrollment. Education is an experience that cannot be appraised before experiencing it, and the outcomes of attending a particular institution may not be readily apparent until the graduate seeks employment or begins moving ahead professionally. In the absence of first hand experience, people often form judgments based on those aspects, they can observe, including the beauty of the campus and adequacy of the facilities (Kotler & Fox, 1995:312-315).

Price is also seen as an indicator of quality. Consumers tend to rely on price more frequently in making an important decision, especially when they lack self-confidence about the decision. Institutions should therefore be careful of setting too low a price, just as setting an artificially high price. Students and their families or companies may sometimes experience a psychological price barrier beyond which they will decide the price is too high and select a lower-priced institution. Finally, it should be borne in mind that price is just one component of the marketing mix that influences consumer choices. Prospective students will also be interested in the institution's programme, quality, features, location, and communications by and about the institution (Little et al, 1997:49).

4.5.3.2.3 Maximizing net tuition revenue

While current and potential customers seek to reduce the effective price, educational institutions need to cover costs, and generate some "surplus". Educational institutions

therefore need to be even more concerned about maximizing tuition revenue than maximizing student enrollment.

When setting tuition levels, an institution must decide how to price its programmes. A list price has to be set, whereby certain "discounts" can be offered, by financial aid, student loans, bursaries and so forth. One pricing approach is to set a moderate tuition level for all students. The limitation is that some students and their families can afford to pay a larger share of the total cost, thereby subsidising the truly needy. A low-tuition strategy, which most public higher education institutions employ, sets an artificially low price, which must then be compensated for by tax receipts (government subsidies). The third option is a high tuition-high need strategy that reallocates tuition from the well to do to low-income students, so that each student pays relative to ability and need (Little, 1997:40-43). Each of these approaches present possibilities and pitfalls, and each needs to be weighed carefully.

Educational institutions can also use differential pricing to allocate tuition costs among students, and programmes. A number of basic pricing approaches can be adopted:

- Unit pricing: Institutions with many part-time students often set tuition on a per-unit or per-course basis. This approach is easy to administer, provides great flexibility for students, and encourages attendance by more part-time students. On the other hand, the institutions revenue can not be forecasted as accurately.
- Two-part pricing: This approach charges a flat charge for each student to the total tuition based on a per-course or a per-unit formula. The fixed cost may vary from one programme to another, or be the same for all. Part-time students would have a greater incentive to take more courses per term than under unit pricing.
- Term pricing: Under this approach, a student may take as many (or few) courses as desired for the same fixed tuition each term. Thus students are encouraged to take a full course load, and part-time students are penalised.
- Scaled pricing: Under scaled pricing, a student would pay a larger tuition charge for the first and second courses, then a smaller charge for additional courses.
- Differential pricing: Educational institutions are giving serious thought to pricing their programmes and services in new ways that may better serve potential students. One form of demand-orientated pricing involves charging different prices for particular programmes or services, level of student, residency status, course, and time or place of offering. In some cases discounts can even be

obtained through negotiation, quantity, time-based, peak-load or by work contribution (Kotler& Fox, 1995:321-323).

4.5.3.2.4 Determining cost-recovery prices for educational programmes

Institutions considering launching new programmes - often do so to generate additional revenue. Therefore breakeven analysis could be used to determine a programme's viability. Breakeven analysis is used to determine how many places would have to be sold to fully cover the costs. The fixed costs of the programme should be calculated - salaries, marketing and advertising, travel expenses etc. and then the variable cost per participant (books, materials, food, computer usage) should be calculated. Finally a breakeven volume can directly be calculated using the following formula:

$$\text{Breakeven volume} = \frac{\text{Fixed Costs}}{\text{Price} - \text{Variable costs}}$$

It should be noted that even if the department (institution) finds it cannot generate a surplus from a specific course, it should consider its overall institutional strategy before making a definite decision to proceed or not (Gray, 1991:51).

4.5.3.3 Delivering educational programmes and services

The basic service-delivery question for an educational institution is: How can the programmes and services be made available and accessible to target consumers? Both availability and accessibility needs to be considered. The location and scheduling of programmes can determine their success. In deciding how the institution's delivery system should be set up an institution should consider: the true meaning of location, the delivery-system's objectives, whether new delivery systems or facilities should be considered, the alternatives to geographic expansion, distance technologies, the look and feel of facilities, and the possibility of making use of intermediaries.

4.5.3.3.1 The meaning of location

An institution's location can have various meanings. It can refer to the absolute place in which the institution exists, e.g. The Technikon Witwatersrand (TWR) is located in Johannesburg. It can also refer to the area in which the institution is located, thus the TWR is located in an urban area. But it also has a relative meaning - that is, location

relative to where its actual and prospective students live. The location of facilities can have a tremendous symbolic and/or political significance. Educational facilities could once have been well located, but shifts in population, urban decay and crime can reduce locations' appropriateness. Decisions about location and delivery systems should be consciously related to the institution's overall strategy (Gray, 1991:54).

4.5.3.3.2 The delivery-system objectives

An educational institution can think of its delivery system on three dimensions: location (including accessibility, atmosphere and facilities) scheduling (to appeal to participants) and the mode of delivery, including technology as well as traditional instructional forms.

The institution's delivery system should accomplish the institution's objectives while reflecting an understanding of the consumer, the mission of the institution, and the available alternatives. Attractiveness and convenience for the users of the system also needs to be considered. Making programmes available and accessible involves more than convenient locations or innovative delivery systems. Unlike physical products, educational services often require that the service provider (lecturer) and the consumer (student) coordinate their activities so they can be available in the same place at the same time (Taylor & Reed, 1997: 31).

4.5.3.3.3 Should new facilities or delivery systems be established?

Educational institutions should consider whether to offer some of their programme in other locations or through different delivery systems. New locations or delivery systems would be considered for the following reasons: if the local market is saturated; if it has declined in size; if it is doing fine, but knows of strong potential markets in other locations which would value what the institution had to offer; and if the institution wants to expand its "institutional presence" to new locations, perhaps to build further demand for its offerings (Kotler & Fox. 1995:353).

Public institutions have considered opening up different branches, and private institutions have also opened up satellite branches in areas of strong population growth. Many different options are available to an educational institution should it wish to expand.

4.5.3.3.4 Alternatives to geographical expansion

Consideration of geographical expansion presents a variety of options. A "twin" of the old campus could be established; a significantly modified programme could be presented at a different location; other sites to consider could be company conference rooms, department store training rooms, rented facilities, and institution owned facilities, with an 'instructor on the road', bringing the institution to the students, instead of making them come to the institution. Computer technology can also be utilised to use networks and also satellite television could be used (Coccarri & Javalgi, 1995:29).

4.5.3.3.5 Where should new facilities be located?

The decision process should start where the institution should evaluate its current delivery pattern to determine whether it adequately meets current and projected needs and matches the institution's resources. If the current pattern has some inadequacies, the institution should determine its revised delivery objectives. The desired delivery system should be decided upon, whether one facility will serve everyone, or whether to establish multiple locations. At the outset, the institution should identify the location or locations that would provide the best access for the target markets and then compromise from that optimum location as little as possible in settling on the final site. After the location has been selected, the actual service delivery can commence. The location's suitability should be monitored with the delivery system's objectives in mind (Taylor & Reed, 1997:34).

4.5.3.3.6 How can distance education and new technologies be used?

Distance education refers to instruction that occurs while there is a separation in time and/or distance between the learner and the instructor. Distance education is characterised by a physical separation of learner and instructor; an organised, structured instructional programme is presented, involving technological media, and two-way communication via surface mail or telecommunications is made possible. Many educational institutions are now using the telephone, television, satellite, videos and other technological methods to reach their students.

Educational institutions considering the use of new instructional technologies need to ask three questions: Is the new technology likely to be more effective than the one it

replaces? Is the alternative channel appropriate for the intended market? What will be the additional resource costs and added benefits of adopting a new channel? (Kotler & Fox, 1995:356).

4.5.3.3.7 How should facilities function and "feel"?

Another very important factor in facilities planning is how well the facilities will serve the planned educational activities to be carried out there - their functionality. Incorporating audiovisual and other instructional technologies requires careful planning for maximum effectiveness. Educational institutions should also include the right combination of facilities to support their programmes. An institution focusing on commuters, need adequate parking, a commuter lounge, better signage and evening office hours.

Institutions should also pay attention to signage that help visitors as well as staff and students to find their way around the campus. Campus signage is often one of the weakest design elements of an educational institution (Gray, 1991:56).

Private institutions are very aware of the value of having an attractive campus. There is an inherent "communication value" in the visible aspects of the institution. Institutions should pay attention to the small details of present facilities and take steps to improve their comfort, effectiveness and communication value.

4.5.3.3.8 Intermediaries

Most businesses rely on intermediaries - including wholesalers, retailers, brokers and agents - to assist them in getting their products and programmes to the final consumer and in supplying supplementary services. Educational institutions can use intermediaries in a number of ways: for student recruitment, career development, fundraising, assessment data on applicants, or even service delivery with certain quality control mechanisms. Even if an institution has the funds to perform all these services internally, intermediaries may be less expensive and more efficient because of their experience, specialisation, contacts, and performance criteria (Kotler & Fox, 1995:359).

4.5.3.4 Communicating with markets

Educational institutions need effective communications with their markets and publics. Developing good programmes and services, pricing them attractively, and making them

readily available to target consumers is not enough. The institution must also inform consumers about its goal, activities, and offerings, and motivate them to take an interest in the institution. Through the communications process the image of the institution should be enhanced or maintained, alumni loyalty and support must be built, donors should be attracted, information about the institution's offerings must be provided, prospective students must be attracted and application and enrollment should be encouraged. In addition, the institution needs to determine and meet the information needs of faculty, staff, current students, and others in the internal environment (Stevens et al. 1996:101).

Communication involves an exchange between the institution and the audience. The communicator must consider the institution's purpose for preparing the communication and the purpose(s) for which the audience will use the information. Only then can the form, content, and delivery of the message be planned to match the audience and achieve the intended purpose.

Most educational institutions use public relations, marketing publications and to a lesser extent advertising. *Public relations* consist of efforts to obtain favourable interest in the institution and/or its programmes, through obtaining favourable unpaid presentation on radio, television, or in other media; or through the institution's own activities and events. *Marketing publications* consists of the institution's published materials for which the institution controls both the content and context of the message, and which are designed to convey the institution's most important messages to its most important audiences. The most obvious use of marketing publications is in admissions, development or fundraising and public relations. *Advertising* consists of paid presentation and promotion of ideas, products, programmes, or services - typically through mass media, including magazines or newspapers, on television, radio, billboards, or buses (Berger & Wallingord, 1996:65).

Ultimately a mix of the above will be used in an attempt to reach the communication objectives of the institution. The communication programme should also be evaluated to determine its effectiveness.

4.5.4 Strategic Evaluation: Criteria & Choice

Once the strategic alternatives have been identified, they must be ranked in order of their ability to attain the specified objectives and goals. Several different criteria can be used to rate the alternatives, including financial, risk, market share objectives or others. Each alternative should be ranked in terms of its ability to generate profit and achieve the set objectives. An attempt is made to compare the relative risks associated with each strategic alternative. The overall fit between the objectives of the department and the institution should be reflected. The end result should be a decision between one or two alternatives, which can be reassessed critically to determine appropriateness, and the key success variables (Robinson, 1986:505-507).

4.5.5 Strategic implementation & control

Marketing implementation is the process that turns marketing plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives. Whereas strategy addresses the what and why of marketing activities, implementation addresses the who, where, when and how (Kotler, 1997:763-764).

Marketing control is an early warning system. After a marketing plan is implemented, changes in the macro environment can require adjustments to be made. Three types of control can be used. Annual-plan control refers to the steps taken during the year to monitor and correct performance deviations from the plan. Financial control or revenue control consists of efforts to determine the actual financial impacts of different programmes, services, market segments, or locations. Strategic control consists of a systematic evaluation of the institution's marketing performance in relations to its market opportunities, through for example a marketing audit.

Annual plan control can make use of four control tools: performance analysis, market share analysis, marketing expense-to-performance analysis, and market-attitude tracking.

- Performance analysis: is the measurement and evaluation of actual performance, measured by enrollment, tuition revenues, and/or donations in relation to performance objectives.

- **Market-share analysis:** an institution should periodically review whether they are gaining, maintaining or losing ground to a competitor.
- **Marketing-expense-to-performance analysis:** Marketing expenses as a ratio to performance (typically measured by revenue) can be evaluated to ensure that the institution is not overspending to achieve its objectives. An educational institution may want to track the ratio between enrollment marketing (admissions) expenditures on enrollment, and the ratio between fund-raising expenditures and gifts received.
- **Market-attitude tracking:** Institutions should periodically check client attitudes towards the institution. This can be done through complaint and suggestion boxes, consumer panels, and consumer satisfaction surveys (Kotler & Fox, 1995:112-114).

4.6. CONCLUSION

It is clear that institutions of higher learning will be facing resource reductions in the years to follow. Marketing seems to provide a solution to this problem.

Institutions, who are marketing-orientated are more responsive to their "customer's needs", and can improve their efficiency, thereby making it possible to compete with private education providers. Responsive institutions see marketing as a strategic planning process (thereby taking into account changes in the internal and external environment and their implications for the institution) or as enrollment management (building a relationship with the student from enrollment to graduation and beyond). When marketing is seen as a strategic management process, the whole picture is taken into account and an integrated marketing plan should be the result. The institution therefore needs to ask itself several questions. Firstly: Where are we now? To answer the question the institution needs to analyse its strategic and marketing position, by conducting a marketing audit, an environmental analysis, as well as an industry, competitor and customer analysis. Secondly: Where do we want to be? To answer this question the institution needs to examine its mission and objectives, market segmentation and targeting, market positioning and how to formulate a strategy. The third question: How might we get there? can be answered by examining the product or programme offering, the pricing policies and strategies, the distribution plan and the

promotional plan. Then the institution needs to ask itself: Which way is best? This can be done by way of strategic evaluation, examining the criteria and making the choice of the appropriate strategy. Finally, the institution needs to ensure achievement of the goals. This is done in the strategic implementation and control phase. Several control mechanisms must be put in place before hand to ensure that set objectives are reached.

Marketing presents a solution to the resource crisis of educational institutions by ensuring that the institution focuses on all relevant customers' needs.

CHAPTER 5:

THE MARKETING AUDIT: RESULTS

1. Introduction

The audit was conducted on a private educational institution: Damelin Rustenburg. This institution is operated as a franchise, with its Head Office situated in Johannesburg.

As discussed previously in paragraph 1.5 the marketing audit involves an investigation of the following aspects (Kotler & Fox, 1995:470-474):

- *Preliminary information:* the background of the person interviewed, as well as institutional information e.g. the organisational chart, copies of policies and procedures as well as institutional publications.
- *Historical and cultural analysis:* current information, history of the institution, history of programmes and services, the events leading to the initiation of the study, and the current institutional climate. This part of the audit placed the current institutional environment in historical perspective.
- *Marketing environment analysis:* This was an assessment of the internal and external trends and significant groups that affect the institution. The following aspects of the institution's environment were analysed: curricular programmes, student services, publics, markets, students, distribution, competition, demographic trends, economic and political factors, social and cultural factors, and technology.
- *Marketing planning analysis:* assessed how the institution's mission had been translated into planning, including a marketing plan. This phase included an evaluation of the planning function and planning mechanisms of the institution.
- *Marketing organisation analysis:* was an evaluation of the formal marketing structure of the institution.
- *Marketing information analysis:* evaluated the information and research capabilities and needs of the institution.

- *Tuition, cost and budget analysis:* evaluated the monetary and budgetary needs of the institution, including an analysis of tuition, costs, and the market response to tuition.
- *Administrative analysis:* reviewed the administrative functions that support the marketing effort of the institution, typically including the enrollment process, logistics, sales functions and operational issues.
- *Curricular programme analysis:* considered the institution's courses, diplomas, and degrees in relation to student markets, publics, and societal trends.

Secondary data was obtained from the institution regarding the demographic profile of their students, and their attitude towards Damelin.

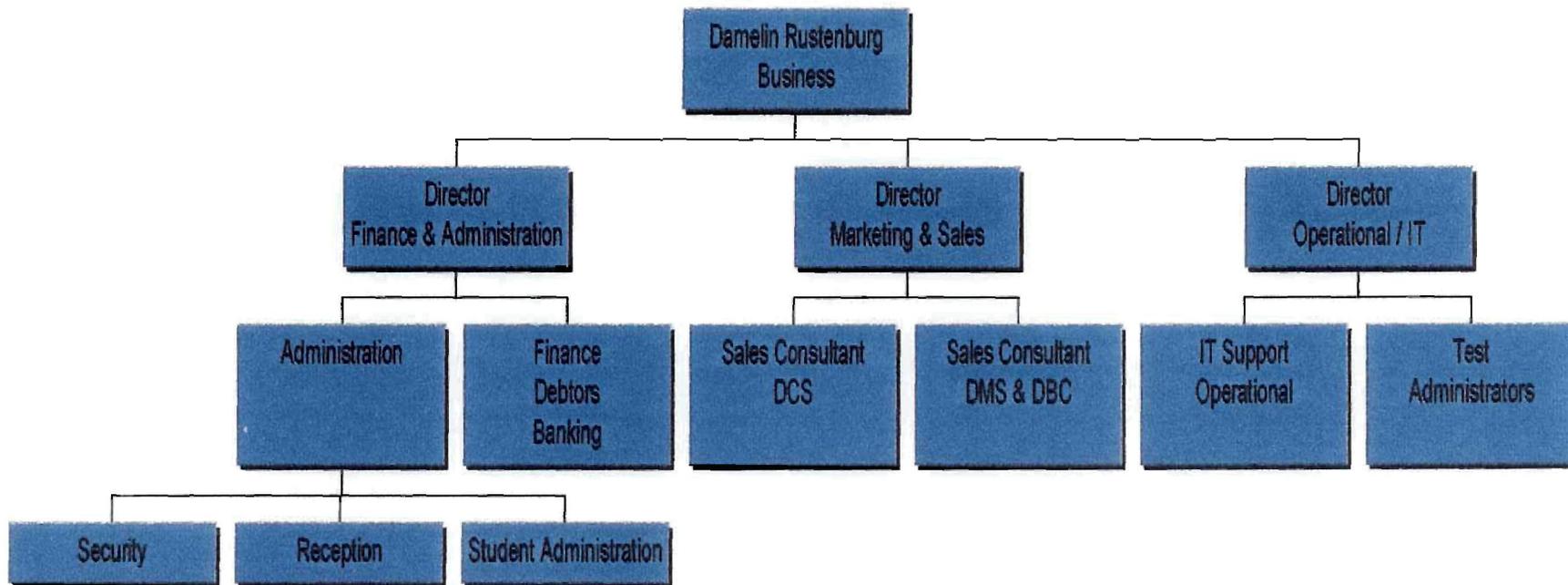
5.2 Preliminary information

For the purpose of the study key personnel at Damelin Rustenburg were interviewed, which included the directors: H. Mathews, G.G. Mathews and G.R.J. van Vuuren, as well as marketing and administrative staff.

From the organisational structure (Figure 5.1, the following page), a picture can be formed of how the business operates. The organisational structure is thus a flat structure, and therefore informal communication flows easily within the business.

The director responsible for Marketing and Sales, has the job title of Principal. She has been involved with Damelin for six years, and it is her main job responsibility to ensure that the franchise is run well on a day-today basis, and to give attention to marketing and sales issues. The director responsible for Finance and Administration, has the job title of Vice-Principal, and has been involved with Damelin for four years. His role is mainly supervisory over administrative, academic, and marketing duties. He has extensive financial work experience at the Department of Finance, and was later a Project Manager at Nissan SA. The director responsible for operational issues has the job title of Principal: Computer School. He has been involved with Damelin for four years. His role is to ensure that the computer school runs smoothly, to run the VUE and Sylvan Prometric Testing Centre, and to ensure that all the information technology needs of the

**Figure 5.1:
Organisational structure
Damelin Rustenburg**



institution are met. He has lectured at various colleges, and has extensive experience in the information technology field.

Documents obtained from the institution to conduct the study include the organisational chart, copies of advertising brochures, policy and procedural documents, fee and tuition documentation, student numbers, sales figures and research conducted by the institution.

5.3 Historical and cultural analysis

Damelin Rustenburg consists of three divisions (schools): Damelin Management School (DMS), Damelin Computer School (DCS), and Damelin Business Campus (DBC). As an enterprise it was founded as two companies: one company (GHM Matcon (Pty) Ltd) running the Management School & Business Campus – with two Directors: H. Mathews and G.G. Mathews, and the other (Mathcompt (Pty) Ltd) running the Computer School with three directors: H. Mathews, G.G. Mathews, and G.R.J. van Vuuren.

5.3.1 Current information

In this section current student numbers, lecturers, locations and the tuition information are presented.

Table 5.1: Current (2000) student numbers:

Divisions	2000 Student numbers
Damelin Computer School	270
DCS – Corporate Training	298*
Damelin Management School	366
Damelin Business Campus	107
Total	1 041

(* = Estimates)

From the above numbers it can be seen that if the computer school and corporate training (also mainly computer training) are added together, this represents the bigger portion (55%) of courses presented (568) of the total (1 041).

The following table represents the student numbers over the years from 1997. Some student numbers are estimates, due to the fact that computerised systems were not in place from 1997. (Estimates are indicated by *). The results can also be seen in Graph 5.1.

Table 5.2: Student numbers: Historically

Divisions	1997*	1998	1999	2000
DCS	198*	203*	236	270
DMS	323*	357	343	366
DBC	108*	102*	111	107
Corporate				298*
Total	629*	662*	690	1 041

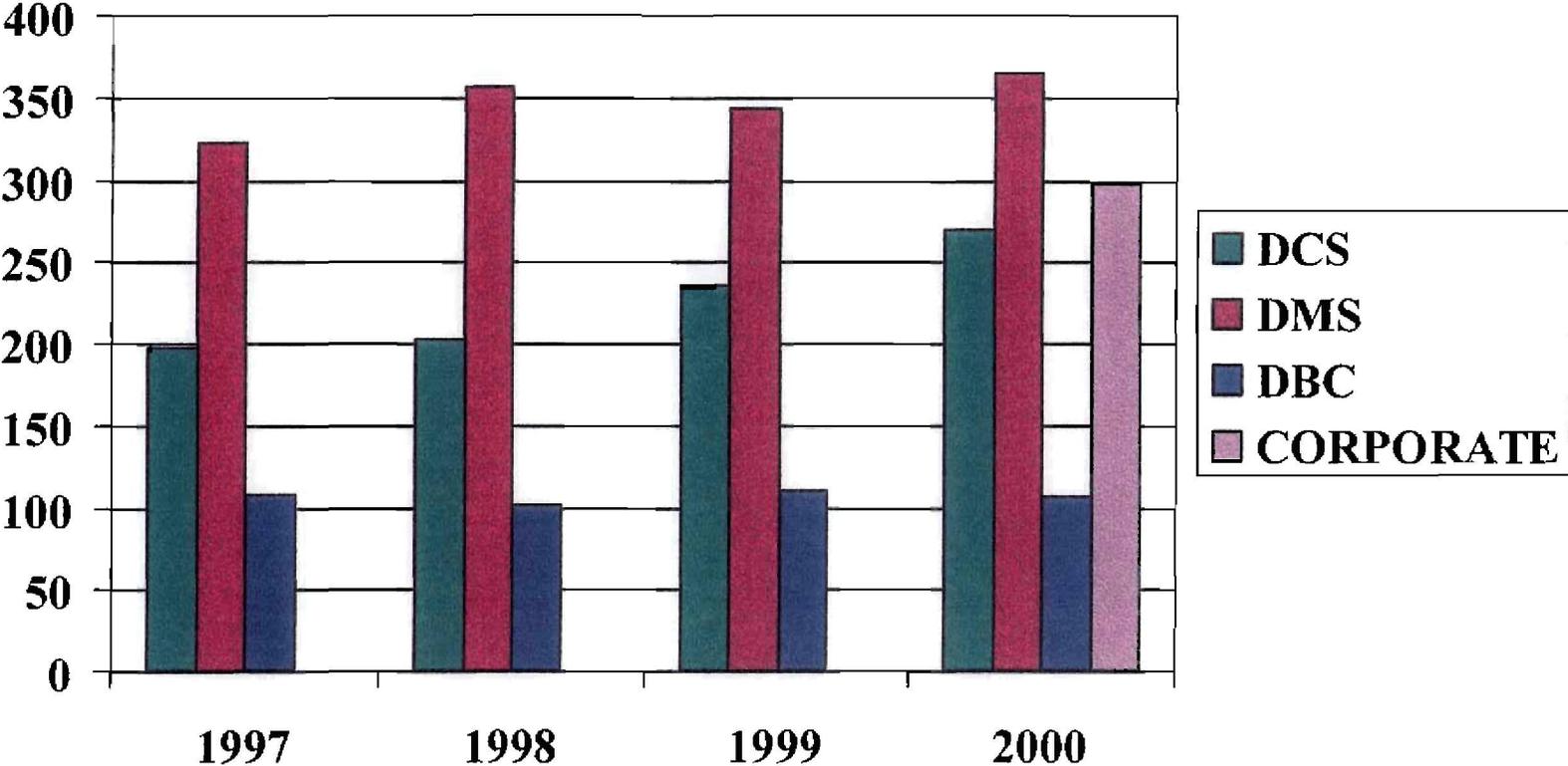
From the table 5.2 it is clear that student numbers have increased steadily over the years, and Damelin has achieved growth, especially in the Computer School, and also in the Management School, but the Business Campus has stayed more or less the same over the years (results showed in Graph 5.2)

Table 5.3: Current (2000) lecturers

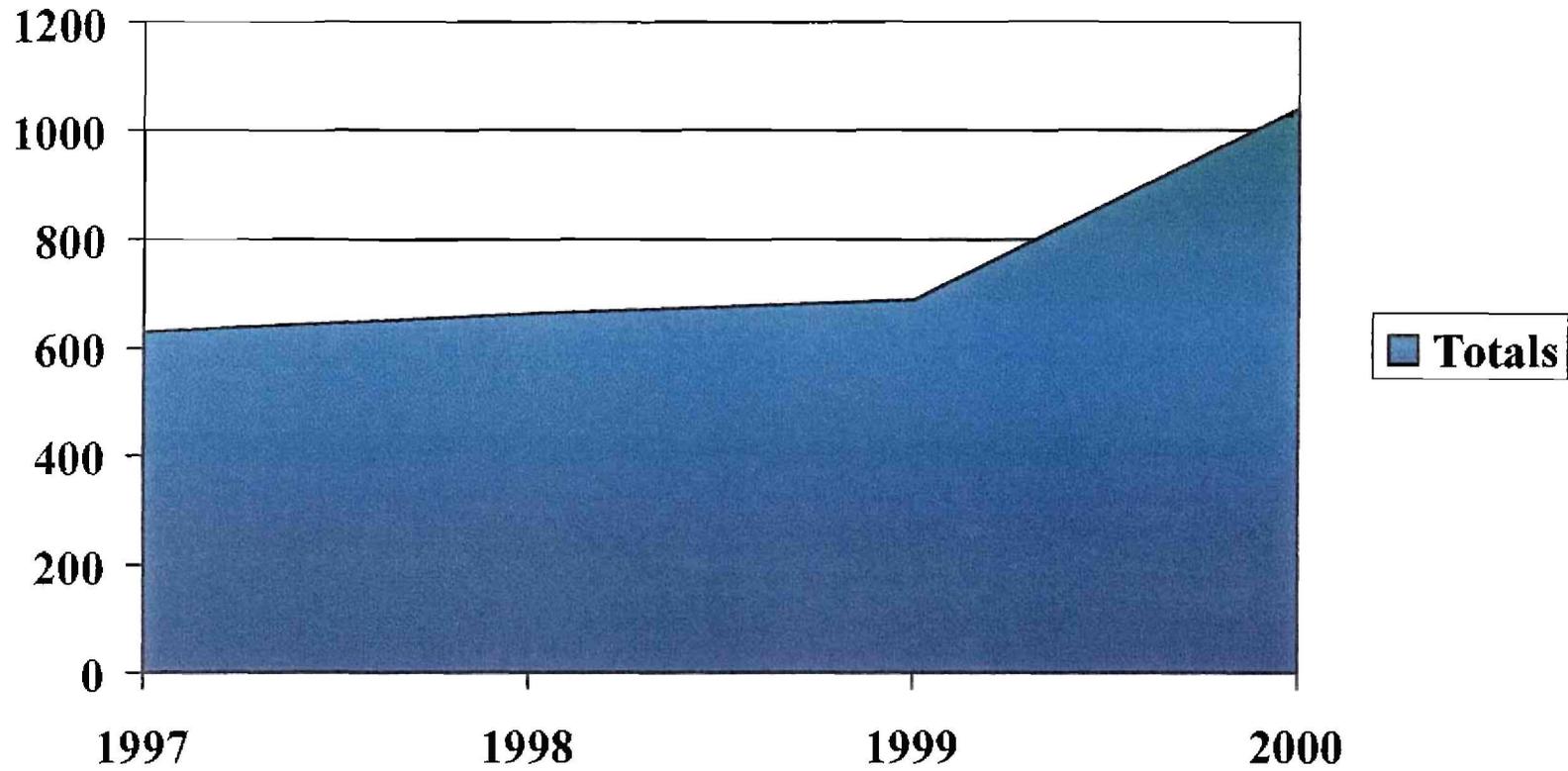
Lecturers	2000
Full-time employed	1
Part-time employed	35
Total	36

Lecturers presenting courses are not usually full-time employed staff, but rather contracted for the period of time, when a course runs, to present a course, or subject. Therefore Damelin Rustenburg really only has one full-time lecturer: G.R.J. van Vuuren, one of the directors of the DCS who as part of his duties, lectures on the Computer School. Most of the other lecturers are employed part-time. In October 2000 the total was: 35 part-time lecturers, employed according to course demand.

**Graph 5.1:
Historical student numbers**



**Graph 5.2:
Total growth of student numbers**



Usually, all courses are presented on Damelin Rustenburg's premises, except if workshops or courses are presented for corporate clients. In that case it is presented at a venue of the client's request.

The tuition at the institution varies according to the course. Tuition at 2000 prices is set out on the tables:

- Damelin Business Campus: Table 5.4
- Damelin Management School: Table 5.5
- Damelin Computer School: Table 5.6
- Corporate one-day courses are offered to corporate clients at a rate of R360 per day, which includes refreshments, and textbooks.

5.3.2 History and Background of the institution

The history of the institution, and major difficulties experienced by the institution are presented in this section.

Damelin Education Group (DEG) launched an expansion drive nationally in 1996. The possibility of establishing 7 new franchises in growth areas around South Africa was investigated. Rustenburg was one of the areas identified, and they searched for a suitable person to start up and run the enterprise. It was decided to run these enterprises as franchises, to ensure that the owner would also be responsible for, and have a vested interest in the performance of the enterprise.

At that stage the current owners investigated the issue and decided that it seemed like a good business opportunity, according to studies done (growing town), a business plan was drawn up and after presenting it to DEG, they were granted the franchise.

Damelin Rustenburg started operating in July 1996, with three staff members for the last academic semester of the year. At that stage only part-time evening classes were presented, which included courses from the Management and Computer School. Towards the end of 1996 a lot of marketing was done to attract full-time, and part-time students for the following year. Plans were made to accommodate 50 full-time students.

**Table 5.4:
Damelin Business Campus Tuition**



**RUSTENBURG
Fee Schedule for 2000**

**DEGREE CAMPUS
OXFORD BROOKES B COMM FIRST YEAR**

DEGREE	CASH	TERMS	DEPOSIT	INSTALLMENTS	BOOKS & EXAM FEES
Marketing and Business Management	R 10,230	R 11,344	R 2,560	R1 098 x 8	R 700
Human Resource Management & Business Management	R 10,230	R 11,344	R 2,560	R1 098 x 8	R 700
B Com Banking	R 11,400	R 12,496	R 2,850	R1 378 x 7	To be confirmed
Information Management	R 10,230	R 11,344	R 2,560	R1 098 x 8	R 700
BUSINESS CAMPUS					
DIPLOMA					
Marketing and Business Management	R 10,230	R 11,344	R 2,560	R1 098 x 8	R 700
Human Resource Management & Business Management	R 10,230	R 11,344	R 2,560	R1 098 x 8	R 700
Public Relations Level 1 and Journalism	R 10,230	R 11,344	R 2,560	R1 098 x 8	R 700
Travel and Tourism	R 12,980	R 14,554	R 3,250	R1 256 x 9	R 1,100
Hotel Operations & Management	R 11,025	R 12,208	R 2,760	R1 181 x 8	To be confirmed
Business Studies - Administration	R 8,190	R 8 973	R 2,050	R989 x 7	n/a
Business Studies - Public Administration	R 8,190	R 8 973	R 2,050	R989 x 7	n/a
Business Studies - Frontline	R 8,190	R 8 973	R 2,050	R989 x 7	n/a
SCHOOL OF BANKING					
DIPLOMA					
Frontline Business Skills	R 8,190	R 8,973	R 2,050	R989 X 7	To be confirmed
Banking and Business	R 11,400	R 12,496	R 2,850	R1 378 x 7	To be confirmed
COMPUTER SCHOOL					
DIPLOMA					
PC Engineering	R 15,500	R 17,640	R 3,890	R1 375 x 10	Included
PC Support	R 15,500	R 17,640	R 3,890	R1 375 x 10	Included
Business Skills (One semester)	R 6,400	R 6,943	R 1,600	R889 x 6	Included
Business Management & Computing Skills (One Year)	R 11,520	R 13,070	R 2,880	R1 019 x 10	Included
Secretarial (One semester)	R 5,800	R 6,274	R 1,450	R804 x 6	Included
Secretarial (One Year)	R 10,400	R 11,800	R 2,600	R920 x 10	Included

TERMS AND CONDITIONS

1. The "Early Bird" discount: Pay your deposit before 30 November 2000 and only pay these fees for your 2001 tuition
2. Discount Policy: A student may only qualify for one discount
3. Due to international exchange rates the cost of the Diploma in Travel and Tourism may be altered when "Early Bird" special applies.
4. A R200 non-refundable registration fee is payable on enrolment and is not included in the above fees. (Payment of this fee is not linked to the "early bird" special).
5. The Degree Campus fees include the Oxford Brookes registration and examination fees.
6. The Business Campus and Computer School tuition fees do not include the relevant institute registration & external examination fees
7. The above tuition fees do not include the cost of field trips and practicals.
8. Students are required to purchase prescribed textbooks.
9. DAMELIN reserves the right to cancel a course depending on student numbers.
10. Also refer to the Contract of Enrolment for Cancellation policies.

**Table 5.5:
Damelin Management School Tuition**

Damelin

MANAGEMENT SCHOOL

**RUSTENBURG
Fee Schedule for 2000**

COURSE	DURATION	CASH	TERMS	DEP	PER MONTH
GENERAL MANAGEMENT					
Business Management	7 months	R 5,575	R 6,384	R 1,390	R454 x 11
Manager Development	3 months	R 3,490	R 3,878	R 870	R376 x 8
Business Administration & Management	4 months	R 2,260	R 2,425	R 570	R371 x 5
Supervision	3 months	R 2,260	R 2,425	R 570	R371 x 5
Advanced Office Administration	3 months	R 2,530	R 2,710	R 630	R416 x 5
Office Administration	3 months	R 1,780	R 1,882	R 450	R358 x 4
FINANCIAL					
Financial Management	3 months	R 3,490	R 3,878	R 870	R376 x 8
Practical Accounting	2 months	R 1,650	R 1,724	R 410	R438 x 3
Bookkeeping	14 weeks	R 1,250	R 1,309	R 310	R333 x 3
MARKETING					
Marketing Management	5 months	R 4,485	R 5,135	R 1,120	R365 x 11
Managing Customer Service	2 months	R 2,200	R 2,334	R 550	R446 x 4
Sales & Marketing Management	3 months	R 1,780	R 1,882	R 450	R358 x 4
PUBLIC RELATIONS					
Public Relations	3 months	R 3,100	R 3,428	R 780	R231 x 8
Frontline & Public Relations	3 months	R 1,780	R 1,882	R 450	R358 x 4
HUMAN RESOURCES					
Human Resource Management	4 months	R 4,095	R 4,593	R 1,020	R397 x 9
Industrial Relations	3 months	R 3,230	R 3,570	R 810	R345 x 8
Training Management	2 months	R 2,290	R 2,430	R 570	R465 x 4
Personnel & Training Management	3 months	R 1,780	R 1,882	R 450	R358 x 4
Dealing with the CCMA	2 months	R 1,780	R 1,900	R 450	R290 x 5
Payroll Administration	2 months	R 1,780	R 1,882	R 450	R358 x 4
LOGISTICS					
Purchasing Management	3 months	R 3,490	R 3,878	R 870	R376 x 8
Production Management	4 months	R 3,640	R 4,087	R 910	R353 x 9
Warehouse Management	3 months	R 3,230	R 3,570	R 810	R345 x 8
Storekeeping and Stock Control	3 months	R 1,780	R 1,882	R 450	R358 x 4
Production and Supervision	3 months	R 1,780	R 1,882	R 450	R358 x 4
SPECIALISED					
Project Management	3 months	R 3,490	R 3,878	R 870	R376 x 8
Business English	4 months	R 2,210	R 2,404	R 550	R309 x 6
Security Supervision	3 months	R 1,780	R 1,882	R 450	R358 x 4
TECHNICAL					
Certificate in Electronics	3 months	R 3,440	R 3,828	R 860	R371 x 8
COMBINATION DIPLOMAS / CERTIFICATES					
Computerised Accounting	7 months	R 3,800	R 4,250	R 530	R465 x 8
Frontline & Secretarial Skills	8 months	R 4,300	R 4,815	R 1,080	R415 x 9

PLEASE NOTE:

- * *Enroll early and qualify for our "Early Bird" Special - 2000 fees for 2001 training. You must pay your deposit before 30 November 2000 to qualify.*
- * VAT has not been added to the fees quoted above as Damelin has been exempted from charging VAT on its courses
- * Installments may be spread over 12 or 24 months through the budget plan of Visa or Master credit cards
- * DAMELIN reserves the right to cancel a course depending on student numbers
- * Fees include all books and examination fees
- * No cancellations will be accepted once the course has commenced.
- * Combination diplomas/certificates are made up of two or three courses

CORPORATE TRAINING:

Any of the above courses can be customised for corporate clients specific needs in any particular field.

Damelin

COMPUTER SCHOOL

RUSTENBURG

2000 Fee Schedule

COURSE	DURATION	USER LEVEL	CASH	TERMS	DEP	PER MONTH
CERTIFICATE COURSES						
Introduction to Micro Computers for Windows	6 weeks	Beginners	R1,080	R1,190	R590	2xR300
Typing	7 Weeks	First time	R 1,080	R 1,190	R 590	2xR300
Fundamentals of Microsoft Office 2000	3 Months	First time	R2,750	R2,945	R690	5xR451
ACCOUNTING						
Pastel Partner Accounting 5.0	7 Weeks	First time	R1,410	R1,620	R810	3xR270
PROGRAMMING						
HTML 4 Programming for Windows	8 Weeks	First time	R2,650	R2,772	R660	3xR704
Fundamentals of Programming using Visual Basics 6.0	3 Months	Intermediate	R3,575	R3,835	R890	5xR589
TECHNICAL						
Upgrading & Repairing PCs	9 Weeks	First time	R2,325	R2,434	R580	3xR618
PC Fundamentals	4 Weeks	First time	R1,250	R1,309	R310	3xR333
A+ Support Engineer	4 months	Intermediate	R4,375	R4,680	R1,090	5xR718
Network +	4 months	Intermediate	R4,375	R4,680	R1,090	5xR718
MCSE (Full Course) Microsoft Certified Systems Engineer			R14,300	R15,490	R3,580	12xR992.50
MCSE (Modules)						
Networking Essentials	2 months	Advanced	R4,000	R4,186	R1,000	3xR1062
Implementing & Supporting MS Windows NT Workstation 4.0	2 months	Advanced	R4,000	R4,186	R1,000	3xR1062
Implementing & Supporting MS Windows NT Server 4.0	2 months	Advanced	R4,000	R4,186	R1,000	3xR1062
Implementing & Supporting MS Windows NT Server 4.0 in the Enterprise	2 months	Advanced	R4,000	R4,186	R1,000	3xR1062
Internetworking Microsoft TCP / IP on Microsoft Windows NT 4.0	2 months	Advanced	R4,000	R4,186	R1,000	3xR1062
Implementing & Supporting Microsoft Internet Information Server 4.0	2 months	Advanced	R4,000	R4,186	R1,000	3xR1062

In 1997 when the full-time courses of the Business Campus commenced, a student number of over 120 full-time students were reached. A large percentage of these students were bursary students from one organisation: The Royal Bafokeng Administration. Additional plans were therefore made to accommodate these students. After 1997, the growth did not continue on the full-time courses.

Over the next four years Damelin Rustenburg has grown in total as an enterprise, with the Computer School (DCS) accounting for over 50% of turnover, the Business Campus (DBC) presenting full-time theory courses have decreased, and the Damelin Management School (DMS) have slowly but steadily increased their student numbers over the last three years (refer table 5.2 – see Graph 5.2)

Major challenges the institution faced over the years include: economic factors, and keeping up with technological change.

- **Economic factors:** In 1998, when the economy in South Africa slumped and interest rates went up to about 25%, a large number of students were unable to pay their fees. Thus a large portion of the income of this particular year (10-15%), had to be written off as bad debt. It took the enterprise the whole of 1999 to recover from this.
- **Technological change:** Due to the dynamic nature of the information technology (IT) industry, the requirements of keeping computer courses up to date (textbooks, hardware, and software) makes it capital intensive and therefore a financial burden on the institution.

5.3.3 History of programmes and services

Damelin Rustenburg has been in existence for five years, but in its present form for four years, since 1997. Over the years the enterprise mission has remained close to its original mission, which was primarily to remain financially feasible, and deliver a good service to its clients. Courses and services presented in the first two years were not always profitable, but it was done to build the brand name of Damelin in Rustenburg, from a marketing point of view. It is the view of the directors that if a course of good quality is presented to delegates, it will result in favourable word-of-mouth, which is extremely valuable in the community.

After this period, courses were reduced, and a more focused range of courses was presented according to market demand. Over the years (especially over the last two years) the demand for higher-level computer school courses increased, while for lower level theoretical courses it has decreased. The composition of the student body has also changed from a traditionally African student base, to a more Westernised, white student body, both on the full- and part-time campus.

Of the challenges facing the institution over the next three years include: to maintain growth, and to continually present courses that satisfy student needs. It will also be a challenge for the institution to keep its resources stream-lined and to finance additional expansions in line with growth demands. The fact that private educational institutions need to register with the Department of Education also presents some pitfalls (refer paragraph 3.5.3).

5.3.4 Events leading to initiation of study

The key advantages of this audit, as seen by the directors is to determine how well it is reaching its target markets, to improve on weaknesses identified in the study, and to also gain valuable information to increase the profitability of the enterprise and therefore to deliver a better service to its clients.

5.4 The marketing environment analysis

5.4.1 Curricular programmes and services of the institution

As discussed previously, the curricular programmes and services of the institution can mainly be divided into the three different schools: Damelin Management School (DMS), Damelin Computer School (DCS), and Damelin Business campus (DBC)

On the following pages the type of courses presented by Damelin Rustenburg, classified according to their state of health (market demand), the main markets and their characteristics are presented.

**Table 5.7
Damelin Computer School Markets**

				
RUSTENBURG Markets				
COURSE	Presentation format	State of health	Main participants/ User level	Main characteristics
<i>CERTIFICATE / DIPLOMA COURSES</i>				
Introduction to Micro Computers for Windows	Part-time or Corporate	Good	Beginners	Students enrolling on course have little understanding about computers and Windows
Fundamentals of Microsoft Office 2000	Part-time	Good	First time	Students should have a working knowledge of computers and Windows 98. The Diploma is designed for those working in a computer environment who want to improve their PC skills.
Pastel Partner Accounting 5.0	Part-time	Good	First time	The course is intended for accountants, financial managers and experienced bookkeepers who require a thorough knowledge of Pastel.

**Table 5.7
Damelin Computer School Markets**

PROGRAMMING				
HTML 4 Programming for Windows	Part-time	Poor	First time	Students enrolling on course should have experience with MS Windows 98, and surfing the World Wide Web and using hypertext links. The course is suitable for students who want to learn how to create webpages.
Fundamentals of Programming using Visual Basics 6.0	Part-time	Average	Intermediate	Students enrolling on course should understand the basic workings of computer programs and be familiar with the Windows 98 interface. This course teaches students general programming concepts.
TECHNICAL				
Upgrading & Repairing PCs	Part-time	Poor	First time	The course serves as a foundation for newcomers to PC support and provides students with the necessary training to ensure proficiency in PC installation and troubleshooting skills.
PC Fundamentals	Part-time	Poor	First time	Students need not have any background of computers. The course teaches students basic computer concepts and skills related to IBM computers.
A+ Support Engineer	Part-time	Good	Intermediate	Students enrolling on course should have completed the PC Fundamentals course, or have relevant working experience. The course provides students with the necessary training to ensure proficiency in PC hardware, software installation and troubleshooting skills.

**Table 5.7
Damelin Computer School Markets**

Network +	Part-time	Average	Intermediate	Students should be in possession of A+ certification or have equivalent knowledge and relevant practical networking experience. The course is aimed at professionals wanting to gain vendor-neutral training in a networking environment. It provides students with the necessary training to ensure proficiency in network installation, support and troubleshooting.
MCSE (Full Course) Microsoft Certified Systems Engineer				
MCSE (Modules)	Part-time	Poor	Advanced	Students enrolling on the course should have a matriculation certificate, with a good command of the English language. The curriculum is designed for students who wish to enter the area of network administration.
* State of health				
Good = Course is usually fully booked, and runs each semester				
Average = Course may have marginal student numbers, and if student numbers are not sufficient, course is not presented				
Poor = The course usually do not have sufficient student numbers, and is only presented occasionally				

**Table 5.8:
Damelin Management School Markets**

Damelin			
MANAGEMENT SCHOOL			
RUSTENBURG			
Markets			
COURSE	STATE OF HEALTH*	LEVEL	PARTICIPANT PROFILE
GENERAL MANAGEMENT			
Business Management	Average	Advanced	Participants are typically middle and upper-level managers from all types of companies who want to improve their leadership and management effectiveness with professional management concepts OR managers who have been promoted from specific functional areas, who lack the understanding of other
Manager Development	Poor	Intermediate	Recently promoted managers or executives who want to advance their careers by increasing their confidence and effectiveness and becoming better
Business Administration & Management	Average	Intermediate	The course is suitable for people who wish to qualify themselves for appointment to a supervisory or management position. It is also ideal for those who
Supervision	Poor	Beginner	Students should have supervisory experience or completed the Damelin Diploma in Storekeeping & Stock Control or the Damelin Diploma in Production and Supervision. Alternatively students should have approximately five years of work experience and be

**Table 5.8:
Damelin Management School Markets**

Advanced Office Administration	Poor	Advanced	Professional assistant, senior secretary, office or administration manager can attend this course to plan, establish, maintain and control an office as to
Office Administration	Good	Beginner	The course is aimed at beginners in an office environment. It teaches students how business works, office equipment, and how to perform the
FINANCIAL			
Financial Management	Poor	Advanced	The course is suitable for career men and women who don't want to be held back because of a poor background in finance and accounting; non-financial managers who are tired of being confused by accountants and company controllers; and
Practical Accounting	Average	Intermediate	The course is suitable for bookkeepers who wish to upgrade their skills to accounting level: the preparation of income statements and balance sheets; those who wish to increase their income by keeping books for small or medium businesses on a part-time basis; those who seek employment in this
Bookkeeping	Good	Beginner	The course is useful to various interest groups: owners of small businesses who wish to keep their own books; those who wish to increase their income by keeping books for small businesses on a part-time basis; or those who wish to be employed in the

**Table 5.8:
Damelin Management School Markets**

MARKETING			
Marketing Management	Poor	Advanced	Marketing specialists, and managers from other functional areas who require a clear understanding of the marketing discipline and who want to learn practical marketing skills, or sales staff who require in-
Managing Customer Service	Corporate	Beginner	Frontline Customer Care staff and Managers who deal directly with either internal or external customers.
Sales & Marketing Management	Good	Intermediate	People who are new to the field of sales and marketing or who want to understand the impact of the marketing concept on every part of the business.
PUBLIC RELATIONS			
Public Relations	Good	Advanced	People who wish to make a career in Public Relations and who require a thorough grounding in the fundamentals of PR. It is also useful for those people who want PR skills to help them succeed in business, in addition, it is suitable for young people who need a
Frontline & Public Relations	Good	Beginner	People who wish to qualify themselves for any frontline position in any type of business. It is also suitable for receptionists, customer service staff, and
HUMAN RESOURCES			
Human Resource Management	Average	Advanced	Human Resource executives seeking promotion to the Human Resource Manager role will benefit by completing the course. Management experience is a recommendation, as well as exposure to the Human Resource function, or should have completed the
Industrial Relations	Poor	Intermediate	Executives, managers and union officials who play a part in the advancement of IR, and those responsible for employee relations, benefits, compensation and

**Table 5.8:
Damelin Management School Markets**

Training Management	Poor	Intermediate	Individuals in training who want to become training managers or training managers who want to upgrade their skills will learn to manage the planning,
Personnel & Training Management	Good	Beginner	Individuals new to the field of human resource management, or who want to work in the human resource department will learn about human resource
Dealing with the CCMA	New	Intermediate	IR practitioners, personnel managers and managers who deal with the CCMA structure for their mediation
Payroll Administration	Average	Intermediate	Professional payroll assistants and managers are provided all the necessary skills to plan, establish, maintain and control a payroll so as to ensure that the
LOGISTICS			
Purchasing Management	Average	Advanced	People who want to upgrade their skills in purchasing management will benefit from the course. Principles of purchasing and specific functional aspects are
Production Management	Average	Advanced	People who want to upgrade their skills in production management benefit from the course. Principles of production, specific aspects of production and how it
Warehouse Management	Average	Intermediate	People employed as Storekeepers and Warehouse and Stores Managers who now wish to get ahead more quickly in their jobs, as well as those who want
Storekeeping and Stock Control	Good	Beginner	People new to the field of storekeeping or those who want to move into this field will be taught the skills needed to run, organise, control and maintain a store.
Production and Supervision	Good	Beginner	People in the production field who have recently been promoted, or seek to be promoted.

**Table 5.8:
Damelin Management School Markets**

SPECIALISED			
Project Management	Average	Advanced	Individuals who are involved in the structuring, planning and scheduling of projects, whether in large
Business English	Poor	Intermediate	Individuals who wish to improve their written and spoken English language skills.
Security Supervision	Poor	Intermediate	Security supervisors who want to increase their skills and knowledge to function more effectively and improve their career prospects, or those who wish to
COMBINATION DIPLOMAS / CERTIFICATES			
Computerised Accounting	Good	Career path	Course covers Bookkeeping, Practical Accounting and Pastel. It is suitable for bookkeepers and accountants who need to update their knowledge and skills in terms of applying computerised accounting programmes to the principles of bookkeeping and accounting; or entry-level bookkeepers who want to
* State of health			
Corporate = Course is usually only presented in-house to specific companies			
Good = Course is usually fully booked, and runs each semester			
Average = Course may have marginal studentnumbers, and if studentnumbers are not sufficient, course is not presented			
Poor = Course usually does not have sufficient studentnumbers, and is only presented occasionally			

**Table 5.9:
Damelin Business Campus Markets**



**RUSTENBURG
Markets**

**DEGREE CAMPUS
OXFORD BROOKES B COMM FIRST YEAR**

DEGREE	STATE OF HEALTH*	STUDENT PROFILE
Marketing and Business Management	Good	School leavers (or working adults) who wish to gain an in-depth knowledge of Marketing & Management, will benefit from completing this international degree of the University of Oxford Brookes (UK).
Human Resource Management & Business Management	Poor	School leavers (or working adults) who wish to gain an in-depth knowledge of Human Resource Management & Management, will benefit from completing this international degree of the University of Oxford Brookes (UK).
B Com Banking	New	School leavers who wish to work within a dynamic banking environment, and become and work within the corporate, merchant, retail or commercial banking environment will benefit by completing this international degree.
Information Management	New	School leavers (or working adults) who wish to gain an in-depth knowledge of Communication Technology, will benefit from completing this international degree of the University of Oxford Brookes (UK). The course will help students integrate computer technology and business information when making decisions.

**Table 5.9:
Damelin Business Campus Markets**

BUSINESS CAMPUS		
DIPLOMA		
Marketing and Business Management	Good	One year qualification, towards the B Com (Marketing & Business Management) - Similar profile as above.
Human Resource Management & Business Management	Poor	One year qualification, towards the B Com (Human Resource & Business Management) - Similar profile as above.
Public Relations Level 1 and Journalism	Poor	School leavers who wish to gain entry into the Public Relations world, will benefit by completing this course, approved by PRISA.
Travel and Tourism	Average	One year qualification, for school leavers who wish to work within a retail travel
Hotel Operations & Management	Poor	School leavers who wish to enter the hospitality industry and follow a career as a front office receptionist in a hotel, or a guest relations officer, or a junior assistant food and beverage manager.
Business Studies - Administration	Poor	These courses serve as "bridging" programmes to assist students with poor Grade 12 results still to acquire a tertiary education. Students can study general business principles, business principles as it relates to an office
Business Studies - Public Administration	Poor	
Business Studies - Frontline	Poor	
SCHOOL OF BANKING		
DIPLOMA		
Frontline Business Skills	New	One year Certificate prepares students for a career in frontline operations in various industries. It is intended for students who have not studied any commercial subjects previously.
Banking and Business	New	One year qualifications which enable school leavers to embark on an exciting and dynamic career in the Banking Industry, The Diploma also exempts students from the first year of the B Com (Banking)

**Table 5.9:
Damelin Business Campus Markets**

COMPUTER SCHOOL		
DIPLOMA		
PC Engineering	Good	This full-time course aimed at school leavers covers the A+ and MCSE core modules. The curriculum is designed for students with a strong technical interest and aptitude. Emphasis is placed on competence at both a practical and theoretical level. The diploma will enable students to enter the IT industry as PC and Peripheral support professionals.
PC Support	Good	The course is designed for support professionals who design and develop or implement and support solutions with Microsoft products and technologies. One of the major strengths of the course is the variety of software programs covered.
Business Management & Computing Skills (One Year)	Good	The course typically attracts students who have a desire to enter the business world, and have an interest in computers. The course combines computer knowledge with the business world and how it operates. The training orientates students to the practical use of software in the business world.
Secretarial (One Year)	Average	School leavers who want a practical recognised qualification and ultimately gain the expertise within the secretarial arena. The course enables students to enter the business world as a Secretary or Personal Assistant, with special emphasis on the computer skills needed in today's office environment.

*** State of health**

New = New course on market, not presented before

Good = Course is usually fully booked, and runs each year

Average = Course may have marginal studentnumbers, and if studentnumbers are not sufficient, course is not presented

Poor = The course usually do not have sufficient studentnumbers, and is only presented occasionally

- Damelin Computer School part-time courses in table 5.7. DCS presents all courses where the main focus of instruction is computers, therefore courses aimed at technical or hardware components, as well as courses on software programmes. The range of courses is presented on a full-time, and part-time basis. Full-time courses are usually presented to school leavers, and part-time courses to working adults, but one-to three-day product courses (on specific software programmes) are also presented on a full day basis to corporate clients.
- Corporate Training: One day training is offered to corporate clients on the Microsoft Office 2000 programmes, including Windows 98, word, Excel, Powerpoint and Access. Other one-day courses include MS Outlook, MS Internet Explorer and MS Project 98. One-day courses are offered at a rate of R360 per day, depending on the number of delegates.
- Damelin Management School (Table 5.8): presents mainly courses aimed at improving managerial or business skills on a part-time basis to employed or mature students
- Damelin Business Campus (Table 5.9): presents longer type of diploma or degree courses, which runs for a longer period of time e.g. a full academic year to full-time students. Some of these diplomas / degrees can also be presented on a part-time basis, if market demand permits.

Before a course is presented, it is imperative that a minimum number of students (e.g. 10) enroll before the commencement date. If an acceptable number of students are not enrolled the course is cancelled. As a course is presented it is evaluated by students on the following factors: lecturer, academic material (textbooks or manuals), and the venue. A course is also evaluated in terms of its profitability.

Damelin Rustenburg make decisions on if programmes or services should be modified on lecturer and student feedback, market response to these products or services, and communication from their Head-Office. The strategy for balancing the mix of products and services presented are as follows: after advertising for products or services, reactions are noted on interest cards (phone or walk-in business), this often serves as a good indication for the demand for a specific course. Target marketing is then undertaken on these prospects, and attempts are made to generate positive word-of-

mouth for the course. The profitability of the course is important as well, and because courses have a large component of fixed costs, a break-even student number is required.

Damelin Rustenburg also offer their clients a number of services. The services are set out in Table 5.10

Table 5.10: Services

Services	State of health	Markets
Guidance & Counselling		
* Psychometric / Aptitude Testing		School leavers – marketing exercise to ensure prospective students are placed correctly on courses
Myers Briggs (personality)	Average	
Battery of tests	Low	
19-field Inventory	Low	
Training & Selection (Thomas)	New, not verified yet	
Testing Centre		
Sylvan Prometric Centre	High	IT tests, MOUSE, MCSE, N+ and A+ For students who wish to obtain international IT qualifications
VUE Centre	High	
Competency assessment on microcomputers	Low, new	Corporate market – to assess employees competency on computer software programmes. Has a lot of potential, but must be nurtured.
Workshops and seminars		
Workshops	Low	Corporate clients, has growth potential
Facilitation services		
Participlan	New	Corporate clients, has a lot of potential
Services being considered for addition: NQF Assessments		

From the table it is clear that a lot of these services has growth potential, but they need to be marketed, and satisfaction of clients need to be ensured.

5.4.2 Publics: Groups which have a major impact on the institution

The major publics which have an impact on the institution are set out in table 5.11.

Table 5.11: Publics which have an impact on the institution

Publics	
Input publics	
Provincial and national legislature	NB - Dept Education
Community Groups	Small
Head of province	No
Board of Higher Education	NB
Other: Accrediting Agencies	NB - Recognition
Internal publics	
Directors	High
Administrators	Med.
Lecturers	NB - Frontline contact with students
Support Staff	NB - Frontline contact with students
Committees	Small
Students	NB
Other	
Agent publics	
Media	Med.
High school guidance counsellors	NB
Community org. and leaders	Med.
Advisory Boards	Low
Others: Standard generating bodies	NB
Consuming publics	
Current students	NB
Prospective students	NB
Local community	Medium
Business employers	NB
General public	Medium
Others: Schools – Matriculants	NB
External publics	
Largest employers: Mines	NB
Alumni	Med
Parents	Med, becomes more NB as campus becomes more "white"
Community	Med

Publics are rated in terms of their importance as very (NB) important, and therefore having a major impact on the institution, as of average (medium) importance and therefore attention need to be given, and of little (low) importance, and therefore only need to be monitored occasionally. It is clear from the table that the following key publics are very important and need to be closely monitored: the provincial and national legislature, the Board of Education, accrediting agencies, directors, administrative and frontline staff, students, lecturers, high school guidance counsellors, standard generating bodies, prospective students, matriculants (school-leavers), and the largest employers in the area: the mines.

5.4.3 Markets: The set of all or potential students at the institution

Table 5.12: The main markets

Primary markets	Size (expressed as % of turnover)	Key Characteristics
1. School leavers	40%	Aged: 18-20, Have matriculated, Little or no work experience. Want to gain a qualification to get an advantage in the workplace. Not too serious with studies. Student life is important
2. Business Market (Rustenburg – Mines)	40%	Mainly Platinum Mines. Relationships need to be built up, takes a long time to cultivate this. Quality of learning is important. Institution must comply with legislation. Price and delivery is important. Some also have own training centres.
Secondary Markets		
1. Community	20%	Aged: 25 – 45, want to improve job prospects and career skills. Study business related skills or computer courses.
2. Parents of full-time students		As campus becomes more "white", parents want to be more involved. Communication advantage, they have knowledge of Damelin Rustenburg and promote the college through word-of-mouth.

As can be seen from the table the primary markets are differentiated in terms of occupational status. The two main markets are therefore: school leavers, who want to study full-time, and employers (or employed people) who want to study part-time.

Attempts to attract these markets to students include advertising in the local newspaper; personal visits (relationship building) to schools and businesses, special offers, posters and leaflets, and occasionally sponsorships. To make use of further opportunities in these markets over the next three years, closer relationships should be developed with business markets, and certain developing (private) schools.

5.4.4 Students: Consumers and products of the institution

The needs of current students are to either improve career skills or to learn new skills to improve their job prospects. Damelin also focuses on providing courses, which aims to equip learners with job-related skills. In the next three years it is estimated that technological skills will continue to grow in importance for employers, and thus also potential and existing employees.

Research obtained from the institution provided a picture of the composition of the student body, the media they use, and why they decided to study at Damelin. The first section of results concentrate on demographic information (the study was done on Management & Computer school students)

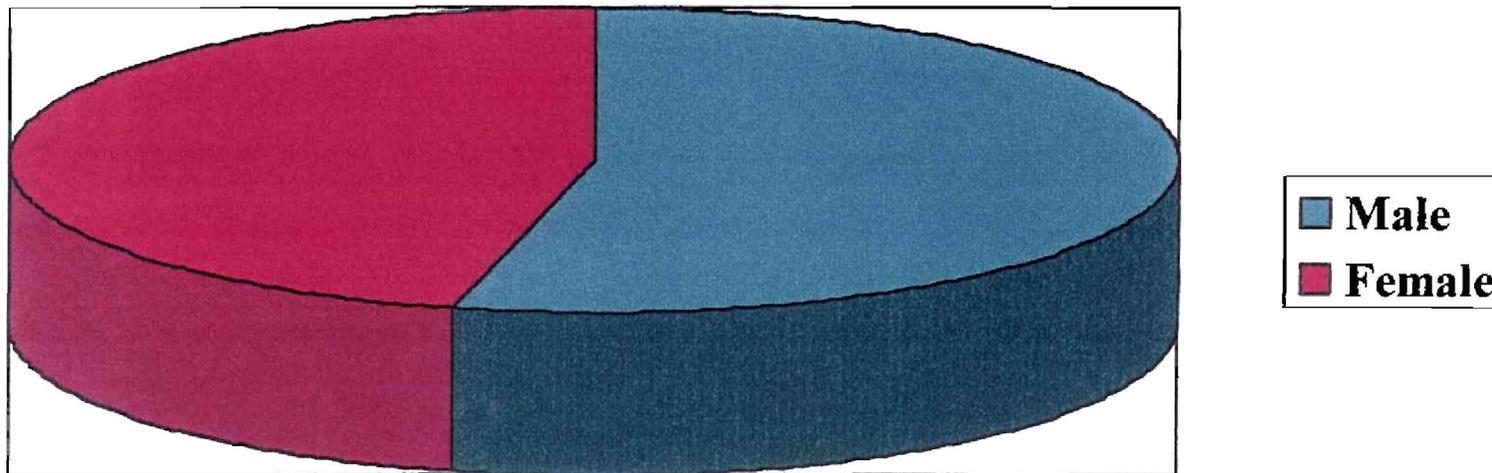
Table 5.13: The gender composition of students (See Graph 5.3)

Gender	Percentage
Male	54%
Female	46%
Total	100%

Table 5.14: Home Language (see Graph 5.4)

Home Language	Percentage
English	14%
Tswana	44%
Afrikaans	32%
Sotho	5%
Xhosa	3%
Other	2%
Total	100%

Graph 5.3
Gender composition of students



Graph 5.4
Home Language

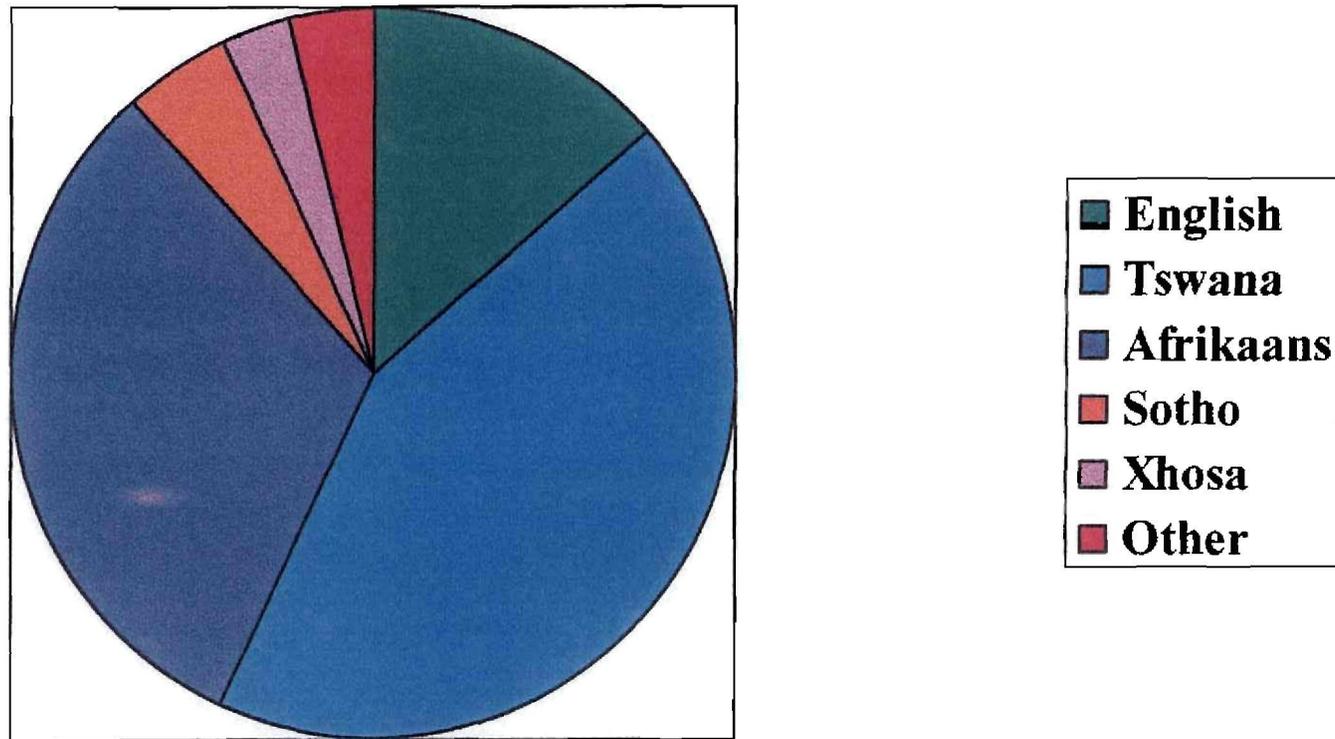


Table 5.15: Age distribution of part-time students (See Graph 5.5)

Age	Percentage
15 – 17	2%
18 – 22	17%
23 – 26	20%
27 - 34	36%
35 – 44	21%
45 – 54	3%
55 and older	1%
Total	100%

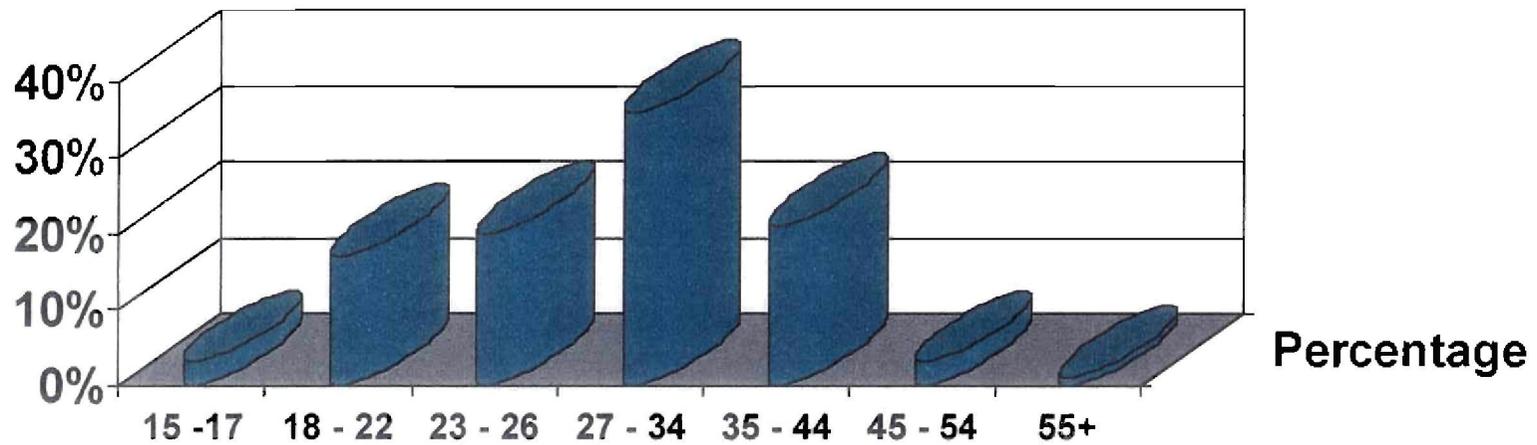
Table 5.16: Employment status (see Graph 5.6)

Employed by	Percentage
Big company	50%
Medium sized business	13%
Small business	11%
Self-employed	5%
Unemployed	15%
Other	6%
Total	100%

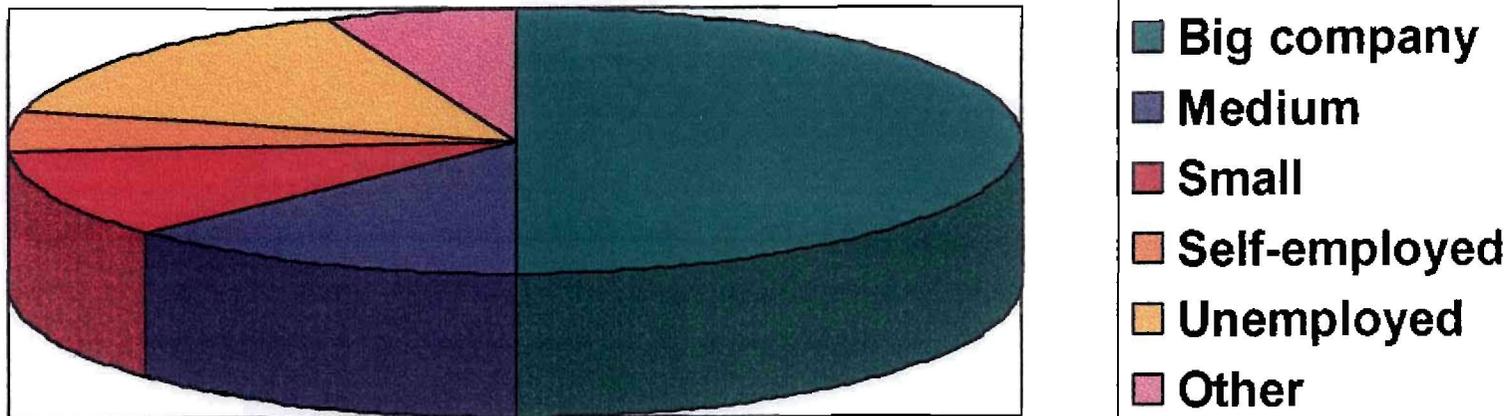
Table 5.17: Distance from campus (see Graph 5.7)

Distance students live from campus	Percentage
0 – 10 Km	50%
11 – 20 Km	20%
21 – 40 Km	14%
41 – 60 Km	9%
More than 61 Km	7%
Total	100%

Graph 5.5:
Age distribution of part-time students



**Graph 5.6:
Employment status**



Graph 5.7:
Distance students live from campus

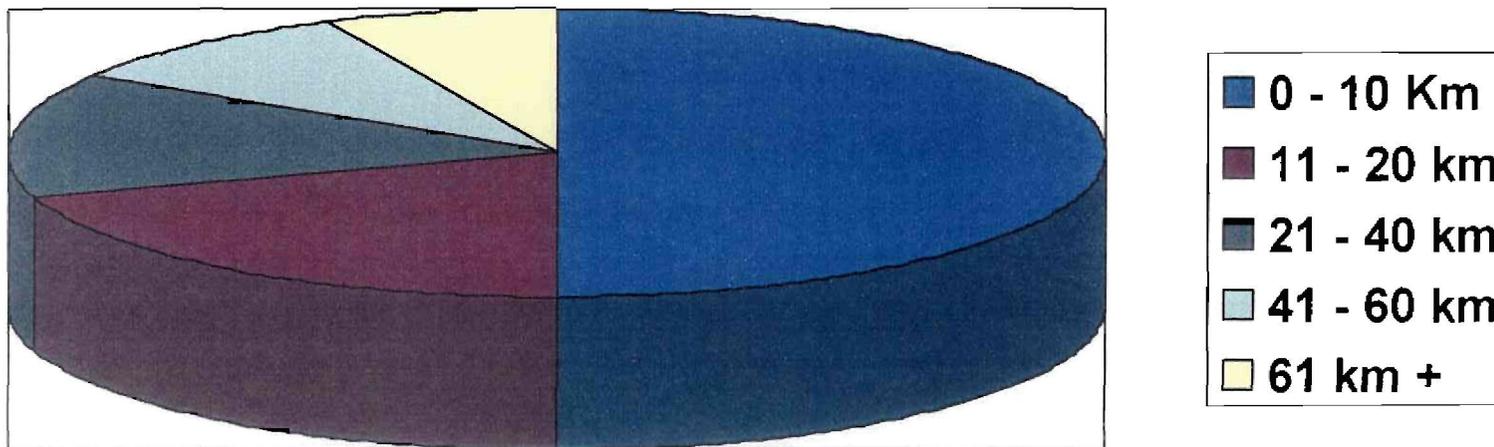


Table 5.18: Gross monthly income (see Graph 5.8)

Gross monthly income	Percentage
0 – 999	18%
1 000 – 2 999	42%
3 000 – 4 999	15%
5 000 – 6 999	11%
More than 7 000	14%
Total	100%

The profile of students are thus slightly more male than female students, with the majority speaking Tswana as their home language, majority aged 27 – 35, most are employed by a big company, living close to the campus, with most students gross monthly income ranging between R1 000 – R3 000 per month.

The next section of the research dealt with their general experience with the institution:

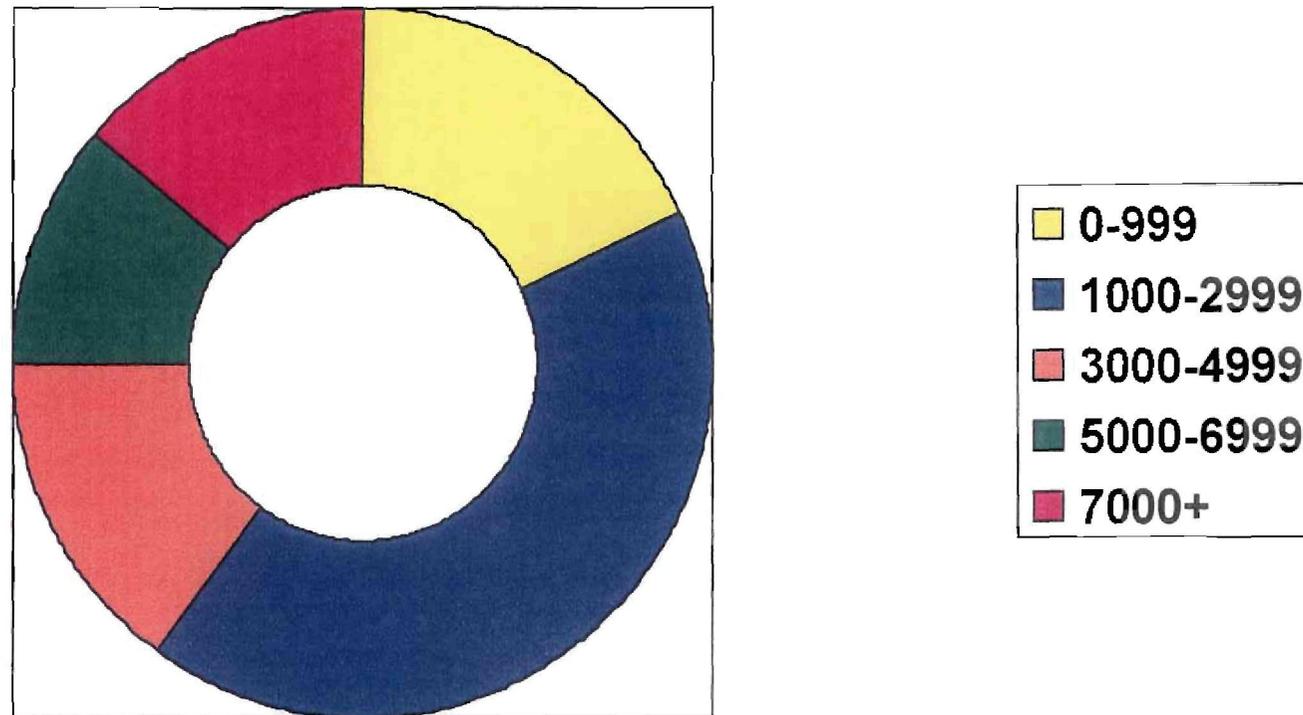
Table 5.19: Students who have previously studied at Damelin (see Graph 5.9)

Previous courses done at Damelin	Percentage
Have done previous courses	23%
Have not done previous courses	77%
Total	100%

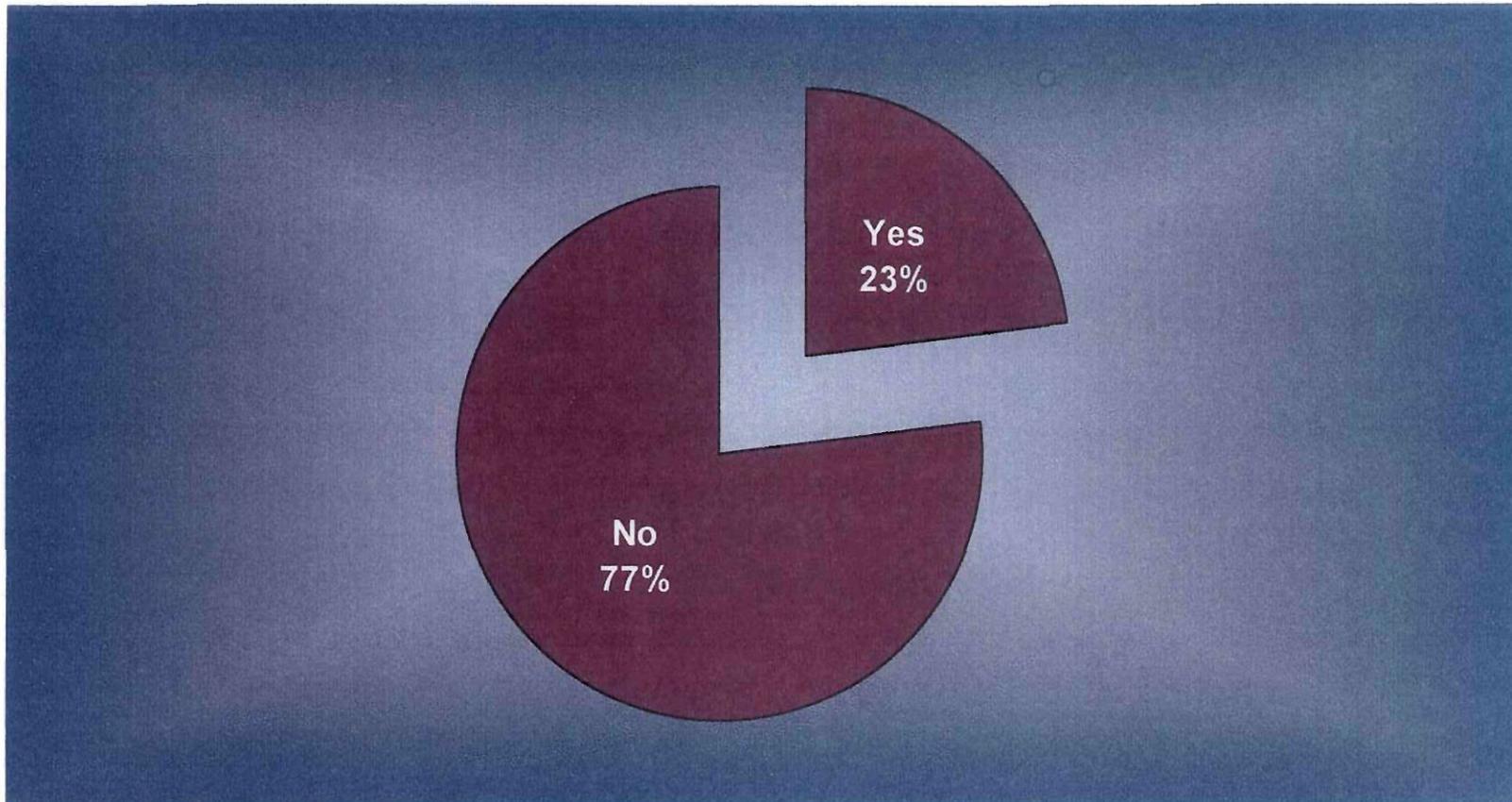
Table 5.20: Students who have done courses through other institutions (see Graph 5.10)

Courses at other institutions	Percentage
Have not done courses at other institutions	60%
Have done courses at other institutions	40%
Total	100%

**Graph 5.8:
Gross monthly income**



Graph 5.9
Students who have previously studied at Damelin



Graph 5.10
Students who have done courses through other institutions

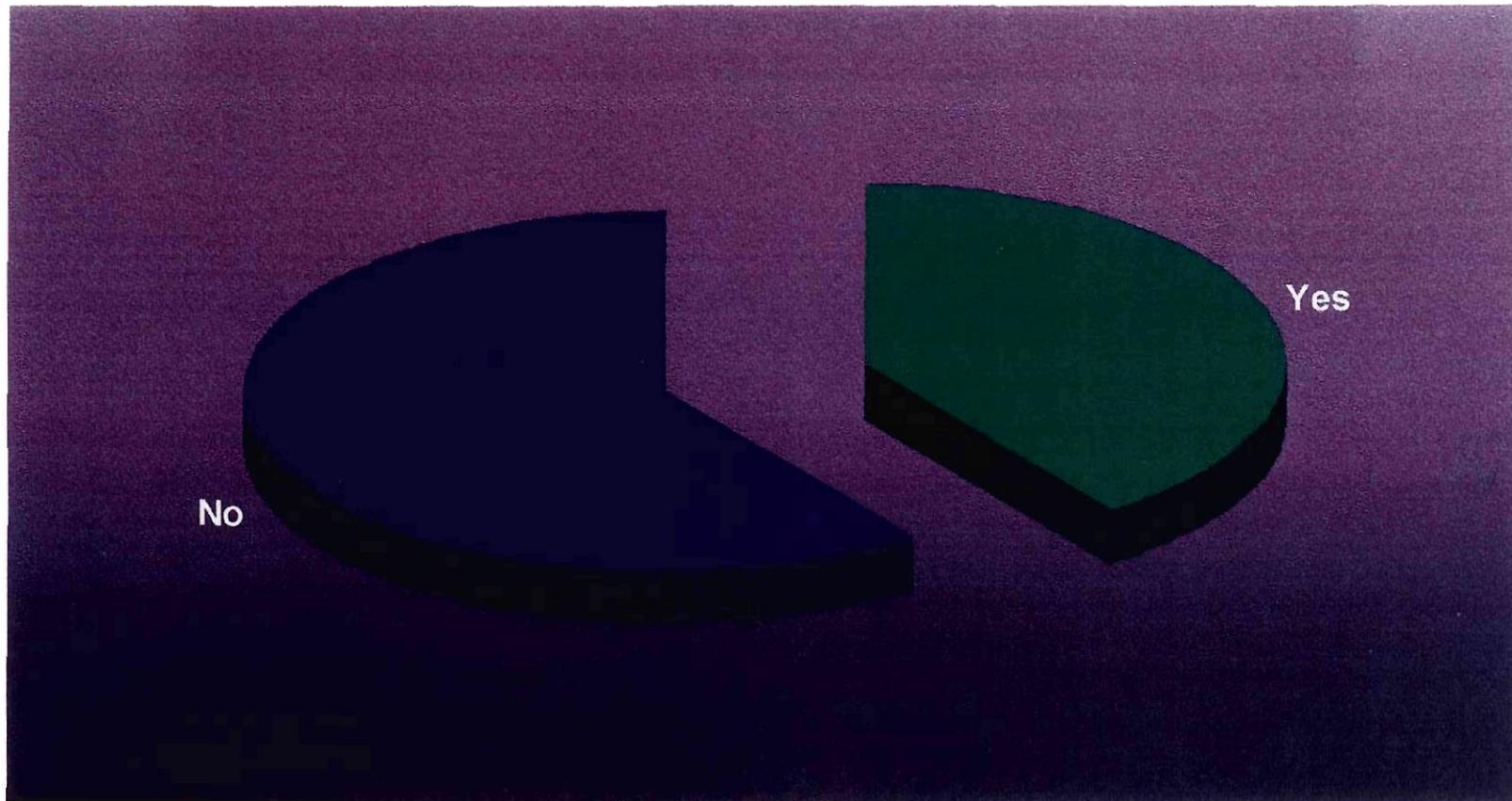


Table 5.21: Where students learn about Damelin courses (see Graph 5.11)

Learnt about Damelin courses through	Percentage
An advertisement	37%
A poster	2%
A leaflet	6%
Friends	14%
At work	10%
Nominated by company	10%
Previous courses	10%
Other	10%
Total	100%

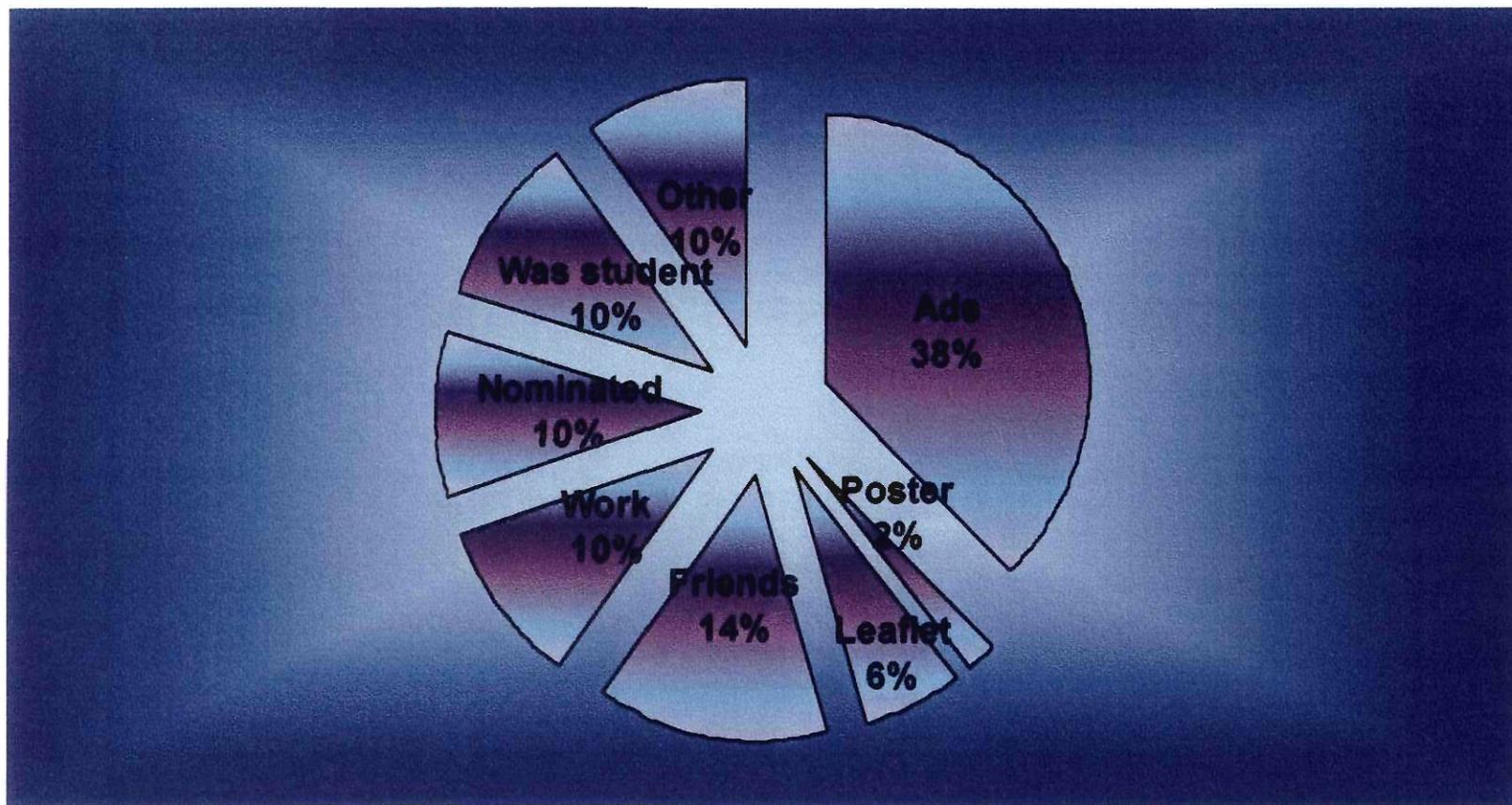
Although most students who study at Damelin (77%) have not studied through Damelin before, a significant portion (27%) has done previous courses at the institution. The majority of students (60%) have not studied through other institutions, but a more than a third (40%) have done courses at other institutions. It is clear from Table 5.21 that most students learn of Damelin through advertisements (37%), and word-of-mouth (14%).

The last section deals with the media usage of students.

Table 5.22: Advertisements of Damelin (see Graph 5.12)

Advertisements seen in	Percentage
The Rustenburg Herald	43%
The Sowetan	34%
The Beeld	4%
On the radio	2%
Other media	17%
Total	100%

Graph 5.11
Where students learn about Damelin courses



Graph 5.12
Where students see advertisements about Damelin

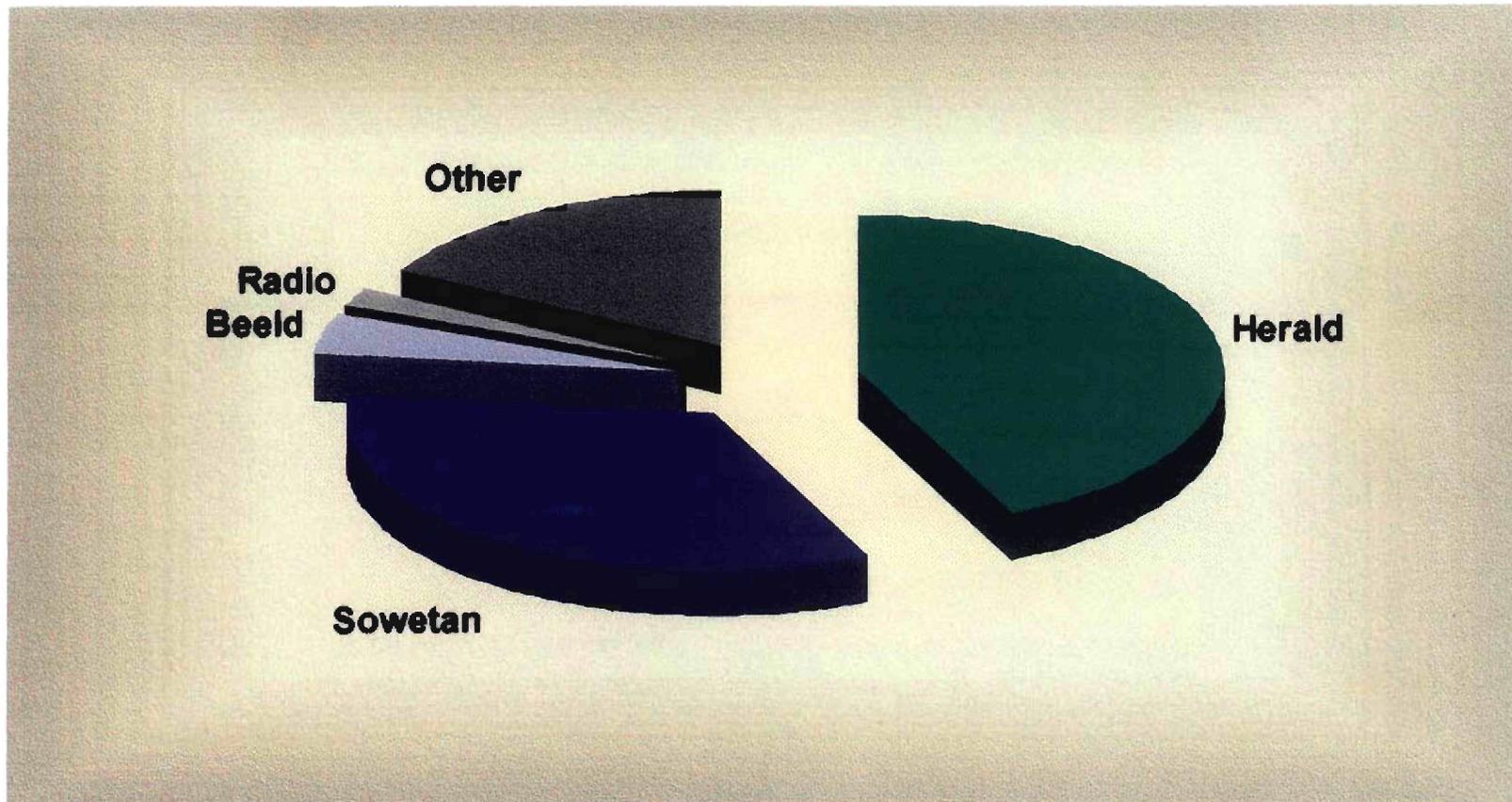


Table 5.23: Newspapers usage (see Graph 5.13)

Newspapers regularly read	Percentage
The Rustenburg Herald	40%
The Sowetan	28%
The Beeld	11%
The Rustenburg News	6%
The Platinum Express	2%
Other papers	13%
Total	100%

From the tables it is clear that most students read the Rustenburg Herald, and or Sowetan.

5.4.5 Access: Availability of the institution's programmes and services

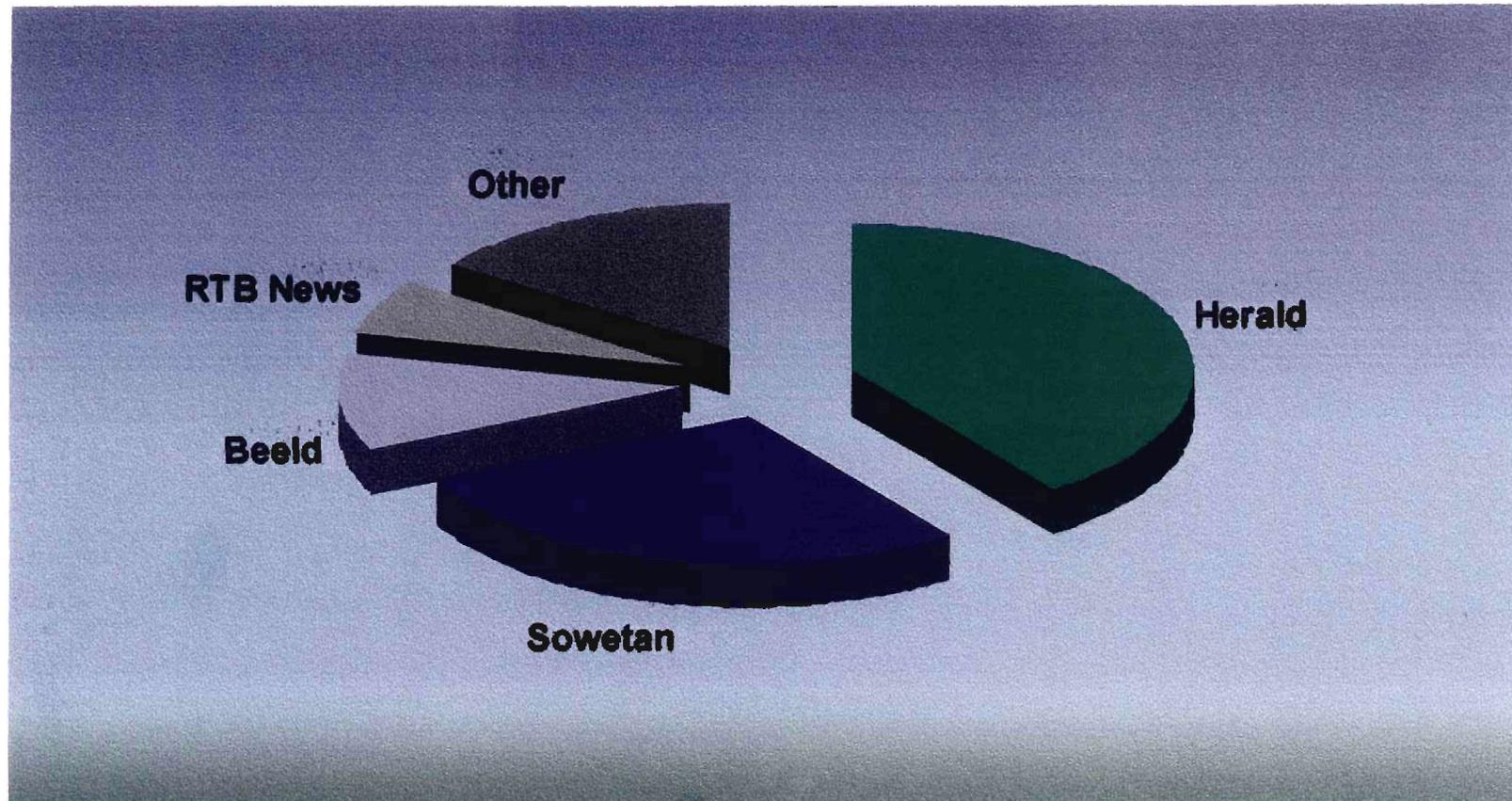
Damelin schedules its full-time courses from 08:00 in the mornings to approximately 12:30 for lectures of classes. Sometimes, if need be classes are presented in the afternoons. Learners thus have time to study or use the open times for assignments, class projects, or social activities. Part-time courses are scheduled weekday evenings, four evenings a week from Monday to Thursday from 17:30 – 19:30, with a course running on either a Monday and Wednesday evening or Tuesday and Thursday evening. Saturday part-time classes are scheduled from 8:15 to 12:30, with breaks included. Attempts are thus made to accommodate most employed people schedules.

Alternative arrangements can be made for corporate clients who are in demand for courses or workshops, provided enough delegates can be provided to make such a course financially feasible.

5.4.6 Competition

Damelin Rustenburg competes against various institutions in its various divisions. In terms of the Management School and Business Campus it competes against the established public institutions like Technikon RSA, and other Technikons (Pretoria and

Graph 5.13
Newspapers students read



Wits) in the geographic area who present part-time or correspondence courses. For some full-time courses it competes against Rustenburg Technical College, and Boston College. For its courses aimed at the corporate market it competes in some respects with Human Resource Consultants, and even the big employers' (Mines) own training centres. In terms of computer courses it competes with smaller training centers for the corporate market e.g. Future Kids. Some smaller computer training centres actually benefit the institution, because the quality of instruction material are not always of international standard (compared to Damelin who only use Microsoft approved manuals).

Damelin's competitive advantage over its competitors can be summarised as follows:

- Damelin is a National institution.
- Most Damelin courses have national and or international accreditation with relevant industry bodies.
- Courses offered teaches job-related skills.
- Face-to-face tuition is offered and all lecturers have industry experience.

Table 5.24: Competitors

Division / School	Competitor(s)	Key issues / Competitive advantage
Damelin Management School (DMS)	Established institutions: Technikons & Universities in the vicinity	Prospective and current students are price-conscious
	Mine's own training centres Indirectly: Correspondence colleges: UNISA, Technikon RSA, Success colleges	Has good & established relationships with clients
Corporate courses	Technikons & Universities have established relationships with major employers e.g. UNISA, University of Pretoria, Technikon Witwatersrand etc.	
	Indirectly: Human Resource Consultants who present courses / interventions	

Damelin Computer School (DCS)	Smaller computer training centres e.g. Future Kids	Damelin is ATTP centre (Microsoft accredited training provider)
	Werludu	Since it closed down, end of 1999, Damelin has been able to capture approximately 30% of its old market.
Damelin Business Campus (DBC)	Established public institutions e.g. Technikons & Universities in the vicinity	Damelin is a national institution with various branches.
	Other private institutions: Boston College / Birnam Business College	Courses offer job-related skills.
	Rustenburg Technical College	Most courses are accredited with employer organisations or industry bodies

Damelin Rustenburg however, does not have a full information system on competitors, or explicit knowledge of competitor strategies.

5.4.7 Macro environmental trends

5.4.7.1 Economic trends

The growth in the platinum industry indicates that good economic prospects can be forecast for the Rustenburg area. Platinum has been called the metal of the twenty first century. A world under supply of platinum and palladium has caused a strong demand for the metal. Other factors which have a great influence on the world demand include:

- 1) Platinum and palladium are used in catalysts for petrol motorcars and the demand has grown in the last few years. The fact that in Europe and America it will soon become law for diesel motorcars to also make use of catalysts will also increase the demand.
- 2) The demand in the jewellery industry has also grown by 12% per year over the last four years; and this trend is projected to continue.
- 3) Another factor, which fuels the demand for platinum and palladium, is probably fuel cells. Several motorcar manufacturers already have models on the road, which are using these cells, and this trend is also expected to continue.

The fact that South Africa has such strong natural resources of platinum; and other countries in the world's inability to satisfy this demand (Russia); have led big companies

such as Anglo Platinum and Implats to embark on a dynamic expansion programme to satisfy this demand. Investment projects of about R25 milliard have been announced. Towns in South Africa which will benefit from these projects include: Lydenburg, Steelpoort, Burgersfort, Dullstroom, Rustenburg, Brits and Springs (Handley, 2000:10-11).

Rustenburg have already been through a period of rapid development, and this is expected to continue as further expansions are planned around the town. The population of 129 000 in 1996 is projected to grow to 352 000 in the year 2010. Further indications of the economic activity are the property markets, and support industries of the mining industry (Muller, 2000:12).

5.4.7.2 Demographic trends

The main demographic trends, which will have an impact, are summarised below:

Table 5.25: Demographic developments

Demographic variable	Trend	Implication
Growing black market	Greater spending power Want to improve job-related skills	Opportunity for Damelin
AIDS	Numbers of infected employed people rising. Loss of skills in workplace	Retraining needs to take place - opportunity

It is clear from the table that opportunities exist for training providers in future.

5.4.7.3 Political trends

Government interventions can have a significant influence on the business of any educational institution, as set out in Table 5.26.

Table 5.26: Governmental influences

Political variable	Trend	Implication
Dept of Education, SAQA and NQF	Set up rules and regulations governing education, but are not always ready to implement them.	Registration of private educational institutions can be a threat to the business. In the business world the focus is on providing a fast service, but government bodies take a long time to evaluate issues, while institution can lose money.

From discussions in chapter 2 and 3 it is apparent that the registration of private educational institutions can pose a threat to all privately owned businesses offering educational products and services.

5.4.7.4 Social and cultural trends

Table 5.27: Social and cultural developments

Social variable	Trend	Implication
Change in composition of students	All race groups need to improve job skills. Increased competition in job market.	Opportunity for Damelin – courses must provide job-related skills.
Views on educational qualifications	Seen by markets as prerequisite for job market.	Demand for training courses will grow.
Neighbourhood developments		
Crime	A fact in South Africa, students run risk of being robbed.	Students are afraid of attending classes at night, could be seen as a threat. Students may want to rather study the distance education route.

While social trends like the importance placed on educational qualifications in the workplace today, presents opportunities for training providers, crime also presents a threat to the business.

5.4.7.5 Technological trends

Table 5.28: Technological developments

Technological variables	Trend	Implication
Technology of jobs	Increasing need for technological skills	Move towards Internet studies – the possibilities need to be investigated.
Technology of instruction	More technological aids can be used to teach students	Need to keep up with technological changes. Institutions will continually need to invest in equipment.

In line with international trends, the rate of technological change creates opportunities for training providers, as well as the implication to continually update their systems.

5.5 Marketing planning analysis

Marketing planning will be analysed by first examining the institution's mission, then the planning and lastly marketing planning.

5.5.1 The institution's mission

From a national perspective, Damelin Education Group (DEG) did have a formal mission statement. However, the Damelin Education Group (DEG) was without a Managing Director for almost a year (close to seven months) in 1999. At the end of 1999 a new Managing Director was appointed. After several problems were identified e.g. loss of market share, ten strategic initiatives were identified in an attempt to get Damelin's (nationally) house in order. These include:

- Financial projects
- Academic Standards
- Student Management System

- Customer Relationship Marketing
- Measurement and Quality Control
- SAQA / NQF
- Culture
- Performance
- Skills Enhancement
- Communication (Damelin, 2000:2).

Project teams were appointed to manage each strategic initiative, with the ultimate objectives of establishing Damelin as a leader in the market place once again. Currently DEG is in the process of drafting a new mission statement, under the leadership of the new Managing Director.

Damelin Rustenburg's mission has not changed substantially over its life. The main purpose of the enterprise is to provide a high quality service to its clients, while remaining financially profitable.

5.5.2 The planning

Damelin Head Office has put together several planning procedures (policies and procedures) to assist franchises to draw up annual plans.

Damelin Rustenburg's future objectives will focus on marketing Damelin more intensively to school leavers, therefore targeting teenagers by the age of 16 (Std. 8/Grade 10). Therefore when these prospective students need to make a decision, Damelin Rustenburg will be part of their choice set of institutions. In terms of the corporate market Damelin needs to be a household name, when thinking of training providers. Damelin would like to achieve top of the mind awareness in these markets.

The planning cycle runs annually, and can be broken down into two semester cycles, with weekly objectives for courses, administrative and marketing tasks to be performed. Many of these plans are drawn up Nationally, and filters down to franchise level.

Planning in Damelin Rustenburg is done on an informal basis, with directors discussing key issues, but more formal goals and objectives could be put on paper in order to increase effectiveness, therefore enabling the enterprise to achieve profitability targets.

5.5.3 Marketing planning

On a National level, one of the key strategic issues a project team is working on is: Customer Relationship Marketing. This task teams have put specific objectives with plans together to achieve them. No marketing plan exists on National level yet, and DEG is looking into appointing an advertising agency to assist it with its marketing effort. Damelin Rustenburg therefore also has no formal plan, and marketing decisions are taken on management's gut feel.

5.6 Marketing organisation analysis

Formal structure and staffing

One of the directors (the Principal) is mainly responsible for planning and implementation of marketing and sales activities. She has a wide range of other job responsibilities too. Approximately 10% of her time is spent on marketing, other activities include looking after the administration on the Business campus, liaising with lecturers, and planning and scheduling of courses. Much of these activities are focused on day-to-day issues, with little time to give attention to strategic issues. She does have a B Com (Marketing) Honnours Degree, and marketing experience.

Other staff members involved in marketing and selling activities are the two Sales consultants and the receptionist. All Damelin's staff engage in customer relationship marketing activities to a lesser extent, including the directors and lecturers. The sales staff do not necessarily have marketing qualifications, but both sales consultants have university qualifications, which is needed for them to consult clients in terms of the products. Both have also undergone personality testing to ensure that they have an aptitude for dealing with customers. The sales consultants do not have explicit job descriptions, with key result areas, but do have specific objectives, in terms of student numbers for courses.

The current marketing structure evolved over a period of time. Firstly, course consultants were appointed responsible for the different divisions. Their duties included

marketing and administrative duties. After a period of time, however it was decided (also because of personalities and aptitudes) to make one consultant solely responsible for selling, and the other consultant for administrative duties. The current structure has changed again, due to the fact that the above-mentioned consultants resigned.

The current organisation structure is as summarised under 5.2.1, but future plans are underway to set up a similar structure to the above-mentioned structure.

5.7 Marketing information analysis

In this section the information and data needs of the institution are analysed and marketing research and programme development investigated.

5.7.1 Information and data needs

The institution generates administrative information reports, and financial reports. Student numbers and academic results are recorded, and a survey is done per semester to monitor the profile (demographics) of students, as well as their media preferences, and how / why they decided to enroll at Damelin. Debtors' reports are generated on a monthly basis, as well as cash flow statements.

Information received from Damelin Head Office includes:

- A profile of the type of students on each course
- A report which shows which courses are most profitable
- General information

The first two reports give valuable insight into trends nationally, which are also found in local markets. General information is received at monthly Principal meetings.

Information needs that Damelin Rustenburg would like to see include: exact definitions of the target market, and reports that benchmark or compare the different franchises who operate in similar regions (mining communities), to measure their performance against other franchises.

Administrative and financial information is placed on a computerised network system, which makes it easily accessible, but no formal computerised system exist explicitly to manage marketing information.

5.7.2 Marketing research

As mentioned previously Damelin Rustenburg only engages in ad hoc student surveys. No market researcher is explicitly employed for the sole purpose of gathering information.

5.7.3 Programme development

New programme and service ideas are mainly managed by Head Office, but from time to time new programme or service ideas can be gathered, generated and screened from the franchise. This is mainly an ad hoc method that is driven by client needs.

New programme ideas are usually developed by Head Office, and then evaluated by running a pilot programme in specific locations. An interested branch or franchise can request to run a pilot course. The course is then evaluated by the students, lecturer and accrediting agencies, and changes are made before the course is presented again.

5.8 Tuition, cost and budget analysis

The tuition charged can be seen in tables 5.4 – 5.6. Tuition for Damelin is set on a National basis from Head Office. Tuition is established and revised by looking at the fixed and variable costs, competitors' prices, what is the market prepared to pay and market demand. A profitability analysis is also done. Tuition in Gauteng is also higher than the rest of the country. The tuition has increased by approximately 8% per year, with the exception of Damelin Computer School, which reacts more to the fluctuations in the R/\$ exchange rate.

Damelin Rustenburg runs several short-term tuition incentives, which include the following:

- Damelin Rustenburg and the Rustenburg Herald (community newspaper) offer three bursaries to full-time students per year. The bursary covers all tuition costs and textbooks.

- At the end of the year an “Early Bird Special” is offered as well. This entails that if prospective students for the following year enroll in the current year (before 30 November) they qualify to pay the current year’s prices the following year.
- As a rule Damelin offers all its courses on a terms price (with an initial deposit, and several monthly installments).

The total income for Damelin Rustenburg for 2000 can be represented as follows:

Table 5.29: Sales for 2000 (See Graph 5.14)

Divisions	Sales in %
Damelin Computer School	58.74%
Damelin Management School	29.85%
Damelin Business Campus	11.41%
Total	100.00%

A large percentage of the operating budget is tuition dependant. The income generated from each course presented (dependant on student numbers), should be able to cover the costs of the course in the following way:

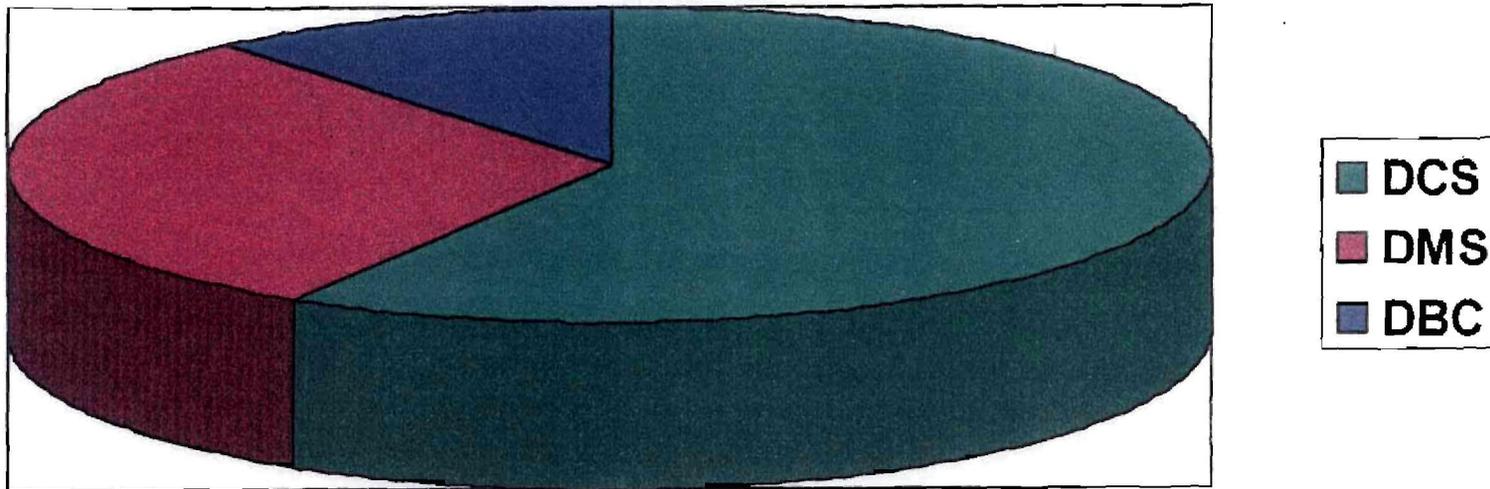
Table 5.30: A Model of the cost structure per course: (See Graph 5.15)

Components	%	Comments
Gross margin	40%	(Overheads e.g. staff, buildings, phones, office supplies etc.)
Cost of Sales	40%	(Books, Advertising, Royalties, Lecturers etc.)
Trading profit (EBIT)	20%	
Turnover	100%	(5% bad debt)

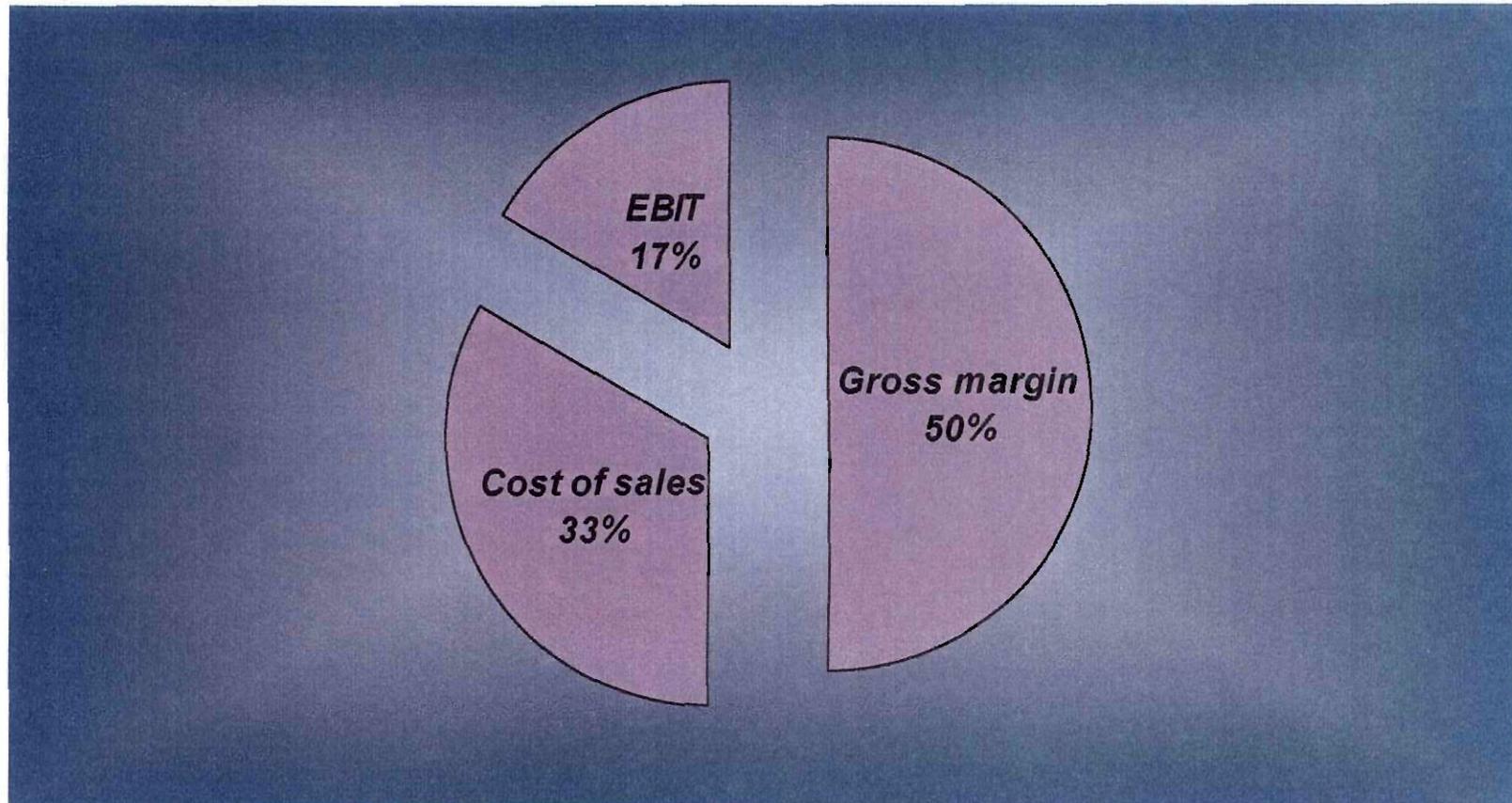
5.9 Administrative analysis

Since a small private educational institution does not have the staff complement of a large educational institution, most administrative duties are not performed in a departmental form, but either as part of an employee’s duties, or forming the complete job of an employee.

Graph 5.14
Sales for 2000



**Graph 5.15:
Cost structure per course**



Administrative analysis therefore concentrated on identifying the tasks associated with:

- The running of a course (Enrollment – Graduation)
- Marketing & Sales
- Logistics
- Operational issues (IT support)

5.9.1 The course cycle

Before a student enrolls on a course he / she will be interviewed by a sales consultant. It is this person's duty to screen prospective students and to ensure that they are enrolled on the most suitable course for them. This process can result in the student filling and handing in the enrollment form, and the student paying a deposit, to confirm his / her commitment to attend the course. Should a student be sponsored by his/her company, an order number should be filled in on the enrollment form, which shows that his / her studies have been approved by the company.

During the enrollment process, the sales consultant draws up an untidy list, and then a final neat lists of all students enrolled, with deposits paid. Not all students who undertook to attend the course always attend the first class. It is then the duty of the sales consultant to make contact with these prospective students, and make alternative arrangements if possible. If an adequate number of students enroll on the course before the course commencement date, the administrative process starts and the sales consultant withdraws from the process.

During the administrative process, an attendance register is drawn up after the first class, employer's details are verified, as well as student contact details. This forms part of the administrative staff's duties. The lecturer also draws up a course schedule and outline with test, assignment and examination dates.

After this process is completed a student is loaded on the debtor system, by the debtor's clerk. Students, who pay cash, are just registered on the system, but students who pay terms receive monthly statements.

As the course runs, class attendance of students are monitored, as well as assignments, tests and examinations. The marks received from the lecturer are captured on the computer system. If at the end of the course a student obtains a pass mark, a results letter and an invitation to graduation is sent. At the graduation ceremony a student receives his / her Certificate or Diploma. If a student does not obtain a pass mark, and qualifies to write a Supplementary Exam and then passes, the above then happens. If a student fails the Supplementary Exam, it is recommended that they attend the course the following semester, at a reduced fee.

The Graduation Ceremony is organised by the administrative staff as a team and involves ordering of gowns, issuing of Certificates and Diplomas, the booking of the venue, and organising catering as well as monitoring the seating arrangements.

5.9.2 Marketing & Sales

The marketing process happens throughout the year. For each course a profile of the type of student who usually enrolls for the course is provided from Head Office. Marketing activities include advertising, personal visits to schools, and corporate clients, telephone consulting, and face-to-face consulting for walk-in students. Sales consultants aim throughout to increase favourable word-of-mouth from existing students, as well as encouraging them to do follow-up courses, within a career path e.g. Basic Bookkeeping leads to Practical Accounting, then Pastel, and the Financial Management. It is the aim of Damelin to keep encouraging students to further their studies with the same institution.

5.9.3 Logistics

Logistical tasks include the ordering of books and course materials, ensuring attendance registers are compiled for the different courses, that on courses where students need to register with the applicable institutions e.g. PRISA, it is done. Students must also receive course outlines, course schedules, and Damelin stationary. Test and examination dates are also monitored, as well as determining if a student qualifies to write a supplementary examination.

Part of the logistical duties of the director (Vice-Principal) responsible for this function is lecturer recruitment, selection and approval. Because all lecturers must have industry experience, their CV's have to be submitted to and approved by Head Office. Administrative staff assist to perform these activities.

5.9.4 Operational issues (IT support)

Operational issues are handled by the other Director. It is his task to ensure that the administrative computer system runs smoothly. The hardware and software components of the different microcomputers, in the different computer studio's are installed correctly, so that students attending courses can experiment with computer programmes.

5.10 Curricular programme analysis

The courses, degrees and/or services the institution offers are set out in Tables 5.7 to 5.9. In terms of the quality of students attending courses, the pass rate on the different divisions look as follows (approximate figures)

Table 5.31: Pass rate of students

Division	Pass rate
Damelin Business Campus	60%
Damelin Computer School	90%
Damelin Management School	80%

When putting together a mix of programmes and services those courses for which no market demand exists are not presented. When courses run they are evaluated by students in terms of lecturer performance, course content, and the facilities of Damelin Rustenburg. From a business point of view courses are evaluated on their profitability as well.

Damelin Rustenburg makes no formal attempt to follow-up on their graduated students, except to enquire if they would like to further their studies, more could be done in this area.

5.11 Summary

In this chapter a marketing audit was conducted on a private educational institution: Damelin Rustenburg. Preliminary information was obtained of each person interviewed, as well as documented institutional information. A historical and cultural analysis of the institution was conducted, where in the history of the institution was analysed. A marketing environment analysis enabled the researcher to gain insight into internal factors of how the institution operates, and external factors i.e. macro-environmental trends, which pose opportunities and threats for the institution. A marketing planning analysis assessed how the institution's mission had been translated into planning, including to inquire after the existence of a marketing plan. The marketing organisation analysis evaluated the formal marketing structure of the institution, and how marketing is supported in the institution. The marketing information analysis evaluated how information and research capabilities were used in the institution. The tuition, cost and budget analysis evaluated the monetary and budgetary needs of the institution, including an analysis of tuition, income and costs. The administrative analysis reviewed the administrative functions that support the marketing effort of the institution; and the curricular programme analysis considered the institution's programmes, diplomas, degrees in relation to student markets, publics, and societal trends.

CHAPTER 6:

SUMMARY, FINDINGS & RECOMMENDATIONS

6.1 Introduction

The main purpose of the study was to evaluate the marketing effectiveness of a private educational institution. An attempt was made to evaluate how effectively and competitively the institution was satisfying the ever-changing needs of its publics and markets. Therefore the internal and external environment of the institution was studied from a marketing management point of view. The marketing audit included an evaluation of the strengths, weaknesses and overall consistency of the institution's administration, faculty, curricular offerings and students.

Analyses were done on the history and culture of the institution, a macro-environmental audit, the marketing strategy and planning, the marketing organisation, information systems, tuition and cost, administrative analysis, and curricular programmes. These analyses were done through conducting interviews with the three directors, and staff of the business; and obtaining internal documentation on planning procedures, promotional brochures, and financial information. An attempt will be made in this chapter to provide the institution with specific recommendations and strategies for improving marketing effectiveness.

6.2 Literature study

Before the study was conducted, a literature study was done to investigate marketing concepts and how it could be applied to an educational institution. The tertiary education industry in South Africa was firstly investigated. Global trends such as the knowledge-based economy, capital-for-labour substitution, the paradigm shift towards life long learning, technological advances, corporate downsizing and restructuring, funding constraints and effective distance-learning alternatives are affecting South Africa too. When examining the South African education market it is clear that while large amounts of state funds are being spent on education, poor results are achieved. It was

estimated that the private sector could operate in a far more cost-efficient way to service the needs of the markets. The market was divided into two strategic groups: the public and private sector, and their structure and results in terms of student skills were presented. While it is clear that room exists for both groups to function, each needs to operate within the regulatory framework of the government, while attempting to capture market share, and deliver effective results.

The regulatory framework for higher education was then examined. The country's political background was outlined, in an attempt to understand the government's current stance on education. It was traced back to policy statements on education in the Reconstruction and Development Programme. Several research groups were appointed by the government in the nineties to investigate the education and training sector. The most significant of these studies was the report of the National Commission on Higher Education (NCHE). Their suggested framework formed the basis for the transformation of education in South Africa. Key issues in the report of the NCHE were highlighted, which included the principles of increased participation, greater responsiveness, and increased co-operation and partnerships. A framework for transformation was presented, which focused on a single co-coordinated system, proposals for co-operative governance, and funding of higher education. The NCHE's final recommendations were largely implemented and the organisations involved in the process, monitoring of the quality of the system, and the registration of private educational institutions were discussed.

Finally, marketing applied to an educational setting was examined. It was shown that marketing has become increasingly important for education, because of increasing competition, and the benefits marketing can produce. Viewpoints of how marketing evolved in educational institutions, from a view held that marketing was unnecessary, to the marketing enrollment management process, were presented. Then the theory of strategic marketing management applied to educational institutions was presented. When using the strategic marketing management process, enterprises will ask themselves the following questions as they proceed through the process: Firstly: Where are we now? To answer the question the institution needed to analyse its strategic and marketing position, by conducting a marketing audit, an environmental analysis, as well as an industry, competitor and customer analysis. Secondly: Where do we want to be?

To answer this question the institution needed to examine its mission and objectives, market segmentation and targeting, market positioning and how to formulate a strategy. The third question: How might we get there? could be answered by examining the product or programme offering, the pricing policies and strategies, the distribution plan and the promotional plan. Then the institution needs to ask itself: Which way is best? This can be done by way of strategic evaluation, examining the criteria and making the choice of the appropriate strategy. Finally, the institution needs to ensure arrival. This is done in the strategic implementation and control phase. Several control mechanisms must be put in place before hand to ensure that set objectives are reached.

Each issue and how it relates to an educational institution was discussed. It was clear that marketing provides a solution to educational institution's problems of resource reductions and increased competition in years to come. The strategic marketing management process can aid institutions to develop an integrated marketing plan and to satisfy customer needs.

6.3 Marketing audit: Findings and recommendations

The findings of the marketing audit are presented and where possible immediate recommendations for action are made. The various factors are classified as strengths, weaknesses, opportunities or threats in a table format, and then the results and recommendations are discussed.

6.3.1 Historical and cultural analysis

Damelin Education Group (DEG) launched an expansion drive nationally in 1996. The possibility of establishing 7 new franchises in growth areas around South Africa was investigated. Rustenburg was one of the identified areas. The current owners were granted the franchise, after drawing up a sound business plan. Damelin Rustenburg started operating in July 1996. Major challenges the institution faced over the years include: fluctuations in economic factors, and keeping up with technological change.

Damelin Rustenburg consists of three divisions (schools): Damelin Management School (DMS), Damelin Computer School (DCS), and Damelin Business Campus (DBC). As an

enterprise it was founded as two companies: one company (GHM Matcon (Pty) Ltd) running the Management School & Business Campus – with two Directors: H. Mathews and G.G. Mathews, and the other (Mathcompt (Pty) Ltd) running the Computer School with three directors: H. Mathews, G.G. Mathews, and G.R.J. van Vuuren.

Table 6.1: Historical and cultural analysis

Factor	Evaluation	Action
Growth in student numbers over the past year (Table 5.1)	Strength	Maintain and expand
Corporate Computer Training Centre	Strength	Maintain and expand
Focused range of products and services	Strength	Maintain and keep focused on market demand. Estimate / research market demand
Part-time lecturers	Strength	Minimise overheads, continue with system

Student numbers have grown over the years, with the most rapid growth the past year. Reasons for this can be attributed to the new Corporate Computer Training Centre, but also the fact that Corporate Training was not recorded separately in previous years.

Damelin employ mostly part-time lecturers on the different courses, therefore the fixed overhead cost component is high when a course runs, but is low when no courses are running. From a business point of view this can be seen as strength.

Damelin currently presents only courses for which a sufficient market demand exists. Courses and services presented in the first two years were not always profitable, but it was done to build the brand name of Damelin in Rustenburg, from a marketing point of view. It is the view of the directors that if a course of good quality is presented to delegates, it will result in favourable word-of-mouth, which is extremely valuable in the community. Currently a more focused range of courses is presented according to market demand. Over the years as the market demand dictated (especially over the last two years) the demand for higher-level computer school courses increased, while the demand for lower level theoretical courses has decreased.

6.3.2 The marketing environment analysis

Findings on the institution's curricular programmes and services, publics, markets, students, access, competition and macro-environmental factors will be presented.

6.3.2.1 Curricular programmes and services

Curricular programmes and services were presented in Table 5.7 to 5.9.

Table 6.2: Curricular programmes and services

Factor	Evaluation	Action
Strong programmes – DCS: PC Eng, PC Support, DMS: HR & Financial & DBC: MBM	Strength	Maintain and keep up with market demand, shifts and trends
Services e.g. Myers Briggs	Strength	Guidance service to school leavers to ensure they enroll for the right course.
Services: Corp Workshops & Seminars	Weakness	Give more attention, could be a lot more profitable, Market aggressively.
Corporate Computer school	Strength	Expand

Each division has a good mix of programmes from particularly strong programmes (PC Engineering, PC Support) to average programmes (Secretarial). The institution should maintain this balance by keeping up with market demand, as well as shifts in the market demand. In terms of the services delivered, it is important to note that some services could be marketed more aggressively and would also lead to growth of the business e.g. corporate workshops and seminars, as well as assessment services. The corporate computer school can also be expanded.

6.3.2.2 Publics

The following key publics are very important and need to be closely monitored: the provincial and national legislature, the Board of Education, accrediting agencies, directors, administrative and frontline staff, students, lecturers, high school guidance

counselors, standard generating bodies, prospective students, matriculants (school-leavers), and the largest employers in the area: the mines

Table 6.3: Publics influence on the institution

Factor	Evaluation	Action
Important groups	Weakness	Develop PR programme to build relationships with publics.

It is recommended that a public relations campaign be planned and implemented to build relationships with these publics.

6.3.2.3 Markets

The primary markets are differentiated in terms of occupational status. The two main markets are therefore: school leavers, who want to study full-time, and employers (or employed people) who want to study part-time. Since 60% of the town's population is employed by the mines (biggest employers in the region) it is clear that these employers are important clients.

Table 6.4: Markets

Factor	Evaluation	Action
School leavers & business	Weakness	Develop stronger relationships
Market definition	Weakness	Define market for each programme area explicitly in terms of local market

Since personal visits to schools and businesses are so effective, it is recommended that stronger relationships should be built with these markets. Marketing can also be done more effectively if the market for each programme area could be more explicitly defined in terms of the demographic profile of the local target market.

6.3.2.4 Students

Part-time students who study at Damelin are from both gender groups, the highest number of students speak Tswana as their home language, the biggest group are aged from 23 – 45, and most are employed by big companies. Most students live close the

campus, and earn between R1 000 – R3 000. Although some students have done courses at Damelin, the majority has not studied at the institution before. More than a third have also studied at other institutions. Most students learn about Damelin courses through advertisements, and from word-of-mouth. Most students also read the local newspaper: the Rustenburg Herald, and that is where they see advertisements of Damelin.

Table 6.5: Student profile

Factor	Evaluation	Action
Larger percentage speak Tswana	Weakness	Do more marketing in Tswana where major component of market comes from – informal word-of-mouth
Employment	Strength	50% employed by big business, most employed – maintain
Previous courses	Weakness	Improve alumni support – more can be done to promote good word-of-mouth
Student satisfaction	Strength	Conduct surveys on ongoing basis

A lot more marketing communication (in terms of part-time courses) could be done in Tswana, even on an informal basis. The fact that such a large portion of students are employed, and especially by big companies, indicates that Damelin should continue to build relationships with big employers. Since a significant number of students do courses at Damelin again, and word-of-mouth is such a powerful marketing tool; special efforts should be made to also build relationships with alumni. Student satisfaction, and information surveys should also be conducted on an ongoing basis to compare differences in the student composition over the years.

6.3.2.5 Access

Damelin schedules its full-time courses from 08:00 in the mornings to approximately 12:30 for classes. Part-time courses are scheduled weekday evenings, four evenings a week from Monday to Thursday from 17:30 – 19:30, with a course running on either a Monday and Wednesday evening or Tuesday and Thursday evening. Saturday part-time classes are scheduled from 8:15 to 12:30, with breaks included. Attempts are thus made to accommodate most employed people schedules. Alternative arrangements are

made for corporate clients who are in demand for courses or workshops, provided enough delegates can be provided to make such a course financially feasible.

Table 6.6: Access to classes

Factor	Evaluation	Action
Class scheduling	Strength	Attempts to accommodate large portion of market; Good use of facilities

Good use is made of creative scheduling of classes; therefore the lecturing facilities are well utilised.

6.3.2.6 Competition

Damelin Rustenburg competes against various institutions in its various divisions. In terms of the Management School and Business Campus it competes against the established public institutions like Technikon RSA, and other Technikons (Pretoria and Wits) in the geographic area who present part-time or correspondence courses. For some full-time courses it competes against Rustenburg Technical College, and Boston Business College. For its courses aimed at the corporate market it competes in some respects with Human Resource Consultants, and even the big employers' (mines) own training centres. In terms of computer courses it competes with smaller training centers for the corporate market e.g. Future Kids. Some smaller computer training centres actually benefit the institution, because the quality of instruction material is not always of international standards, compared to Damelin who only use Microsoft approved manuals.

Damelin's competitive advantage over its competitors can be summarised as follows:

- Damelin is a national institution.
- Most Damelin courses have national and or international accreditation with relevant industry bodies.
- Courses offered teach job-related skills.
- Face-to-face tuition is offered and all lecturers have industry experience.

Table 6.7: Competition

Factor	Evaluation	Action
Little detailed knowledge of competitors	Weakness	Monitor competition and strategies, otherwise institution could be left vulnerable.

Damelin Rustenburg however, does not have a full information system on competitors, or explicit knowledge of competitor strategies. An attempt should be made to monitor competitors, especially those in direct competition with Damelin to anticipate their strategies.

6.3.2.7 Macro-environmental factors

Several macro-environmental changes create favourable opportunities for Damelin Rustenburg. These changes include: investments in the region to produce more platinum, the growth of the "black market", retraining opportunities, the fact that people regard educational qualifications as a prerequisite for the job market, and the increasingly important role technology plays in the workplace. Threats include regulations set by National Government in terms of private educational institutions, and crime.

Table 6.8: Macro-environmental trends

Factor	Evaluation	Action
Economic trends		
World demand of platinum will lead to growth of RTB	Opportunity	Be ready to take advantage of emerging opportunities
Demographic trends		
Growing black market and AIDS lead to great loss of skills in workplace	Opportunity	Training and Retraining is needed on a continual basis
Political trends		
Government bodies set rules & regulation according to which institutions should function.	Threat	Procedures take long to set up and administer, while private educational institution function in private sector, and needs to react quickly. Be aware of trends.

Social and cultural factors		
Student body composition changes and all view educational qualifications as important for job market	Opportunity	Courses must provide job-related skills and education is a growing market.
Crime	Threat	More reliable security, bigger workforce
Technology		
Jobs become increasingly technologically complex	Opportunity	Damelin needs to prepare itself to capitalise on opportunities
Technology of instruction – capital intensive	Challenge	Keep cash flow & investment portfolio streamlined

The institution should prepare itself to take advantage of opportunities and to estimate how exactly these opportunities will influence them. Plans should be made to deal with threats, especially crime prevention methods, and encourage its Head Office to deal with political changes.

6.3.3 Marketing planning and analysis

Damelin Education Group (DEG) did have a formal mission statement. However, the Damelin Education Group (DEG) was without a Managing Director for almost a year (close to seven months) in 1999. At the end of 1999 a new Managing Director was appointed. After several problems were identified e.g. loss of market share. Ten strategic initiatives were identified in an attempt to get Damelin's (nationally) house in order.

Damelin Head Office has put together several planning procedures (policies and procedures) to assist franchises to draw up annual plans. Planning in Damelin Rustenburg is done on an informal basis, with directors discussing key issues, but more formal goals and objectives could be put on paper in order to increase effectiveness, therefore enabling the enterprise to achieve profitability targets.

In terms of marketing, a "Customer Relationship Marketing" project team has put specific objectives with plans together to achieve them. This needs to filter down to franchise

level. No marketing plan exists on National level yet, and DEG is looking into appointing an advertising agency to assist it with its marketing effort. Damelin Rustenburg therefore also has no formal plan, and marketing decisions are taken on management's gut feel.

Table 6.9: Marketing planning and analysis

Factor	Evaluation	Action
Mission		
No national mission	Weakness	Formulate a mission, can give direction to franchise, more synergy
Planning		
No formal methods	Weakness	Improve
Marketing planning		
No marketing plan	Weakness	Draw up plan

Although no national planning effort, or marketing plan exists, chances are that Damelin Rustenburg's performance could be greatly improved if a marketing plan did exist.

6.3.4 Marketing organisation analysis

One of the directors (the Principal) is mainly responsible for planning and implementing marketing and sales activities. She has a wide range of other job responsibilities too. Approximately 10% of her time is spent on marketing, other activities include looking after the administration on the Business campus, liaising with lecturers, and planning and scheduling of courses. Much of these activities are focused on day-to-day issues, with little time to give attention to strategic issues. Other staff members involved in marketing and selling activities are the two Sales consultants and the receptionist. The sales consultants do not have explicit job descriptions, with key result areas, but do have specific objectives, in terms of student numbers for courses. The sales consultants also handle some administrative duties.

Table 6.10: Marketing organisation analysis

Factor	Evaluation	Action
Formal structure and staffing		
Sales consultants – do administration work too, because of total workload	Weakness	Appoint one more administrative person

The director responsible for Marketing and Sales should focus at least 50% - 60% of her time on marketing. Sales consultants should not get caught up in administration, since precious time is lost, which could have been spent on selling. It is recommended that another person be appointed (half-day) to handle the administrative aspects of the courses.

6.3.5 Marketing information analysis

The institution generates administrative information reports, and financial reports. Student numbers and academic results are recorded, and a survey is done per semester to monitor the profile (demographics) of students, as well as their media preferences, and how / why they decided to enroll at Damelin. Debtors' reports are generated on a monthly basis, as well as cash flow statements. Information received from Damelin Head Office includes:

- A profile of the type of students on each course
- A report which shows which courses are most profitable
- General information

The first two reports give valuable insight into trends nationally, which are also found in local markets. General information is received at monthly Principal meetings.

Information needs that Damelin Rustenburg would like to see include: exact definitions of the target market, and reports that benchmark or compare the different franchises who operate in similar regions (mining communities), to measure their performance against other franchises.

Administrative and financial information is placed on a network computer system, which makes it easily accessible, but no formal computerised system exist explicitly to manage

marketing information. New programme ideas are usually developed by Head Office, and then evaluated by running a pilot programme in specific locations.

Table 6.11: Marketing information analysis

Factor	Evaluation	Action
Information and data needs		
Get little and have little idea on what is needed	Weakness	Study which info could improve decision-making
Programme development		
Head office	Strength	Continue

Areas in which information would improve decision-making should be identified, and the information obtained. In terms of new programme development, it is more beneficial for the franchises if these programmes are developed and marketed from Head Office. This practice should be continued.

6.3.6 Tuition, cost and budgetary analysis

Tuition for Damelin is set on a National basis from Head Office. Tuition is established and revised by looking at the fixed and variable costs, competitors' prices, what the market is prepared to pay and market demand. A profitability analysis is also done. Damelin's tuition compares favourably to other private providers, and even big public universities situated in the cities. Several short-term tuition incentives are offered, including: three bursaries to full-time students per year; The "Early Bird Special" (prospective students who enroll for the following year in the current year, before 30 November qualify to pay the current year's prices the following year); and Damelin offers all its courses on a terms price (with an initial deposit, and several monthly installments).

Exact correlations of student numbers to sales could not be made, due to the nature of the system used. However, significant improvements have been made the past year in reducing bad debt. The cost structure from the turnover generated of a course is as follows: 40% gross margin, 40% cost of sales, and the remaining 20% should serve as operating profit.

Table 6.12: Tuition, Cost and Budgetary analysis

Factor	Evaluation	Action
Tuition		
Market related, value for money	Strength	Maintain
Sales		
Record-keeping	Weakness	Improve Continue record-keeping on computerised network system for comparison between years.
Debtors	Strength	Turned around from previous years – Continue
Cost structure		
Model	Strength	Keep bad debt to minimum Do credit approval, before granting credit

The tuition asked by Damelin is in line with market expectations, and can be maintained. It is recommended however that more accurate records be kept of student numbers, in order for sales and student numbers to be compared, as a performance measurement over years. The fact that bad debt has been successfully reduced in the past year can be considered a strength, which should be built on. In terms of the cost structure it is also clear that bad debt should be kept to a minimum. A recommendation is therefore made to do a credit approval on students, before granting credit.

6.3.7 Administrative department analysis

Since a small private educational institution does not have the staff complement of a large educational institution, most administrative duties are not performed in a

departmental form, but either as part of an employee's duties, or forming the full job of an employee. Administrative duties could therefore be divided into:

- The running of a course (from enrollment to graduation)
- Marketing & Sales
- Logistics
- Operational issues (IT support)

Administratively several staff support the course as it moves through its cycle. However, because this process has not been formally put down on paper, some duplication of tasks still exists. Logistical and operational issues are not always completed well enough ahead of time. Problems were also experienced by the institution due to high staff turnover (young working women, who chose to leave the working world, due to family commitments).

Table 6.13: Administrative department analysis

Factor	Evaluation	Action
Course cycle		
Flow	Strength	Keep up
Staff turnover	Weakness	Keep to minimum, try to retain staff
Duplication of tasks	Weakness	Define key performance areas for staff
Marketing and sales		
Principal too many other day-to-day duties	Weakness	Concentrate more on marketing and sales
Logistics		
New systems in place works well, but books still not always on time		Maintain and improve on problem areas
Operational		
All computers for students do not always have right programmes on, or available	Weakness	Because of Director's workload very difficult, get part-time assistants – students to check programmes for courses

Staff turnover should always be kept to a minimum. It is thus recommended that staff be employed who are certain of their priorities. It is also necessary that clear job descriptions with key performance areas be drawn up for all staff in order to avoid duplication of tasks and directors spending time on day-to-day issues and not strategic issues. On the operational side, it is recommended that student assistants aid in the setting up of computer studios for classes.

6.3.8 Curricular programmes and services

A balanced mix of courses from the different divisions (DMS, DCS, and DBC) is presented. When putting together a mix of programmes and services those courses for which no market demand exists are not presented. When courses run they are evaluated by students in terms of lecturer performance, course content, and the facilities of Damelin Rustenburg. From a business point of view, courses are evaluated on their profitability as well.

Table 6.14: Curricular programmes and services

Factor	Evaluation	Action
Good mix	Strength	Maintain (See table 6.2)

Damelin should continue presenting only courses for which a market demand exists.

6.4 Recommendations

It is clear from the audit why Damelin Rustenburg is such a successful business. Several of its key strengths are focused on market opportunities.

The key strengths include:

- Sustainable growth in student numbers has been achieved over the life of the institution and should be maintained in future.
- The Corporate Computer Training Centre has been successfully run, because of market opportunities and could also be expanded in future.

- Courses and services are focused to market demand. It is important that market demand should be monitored. The focus on customer satisfaction should also be maintained.
- A well balanced mix of programmes and services are presented to the market, and attention should be given to ensure that this mix remain balanced, with the BCG matrix in mind (stars, cash cows, dogs and question marks).
- A large percentage of students are employed by big business. Therefore relationships with these large employers should be maintained and built on.
- A strong focus on student needs exist currently. Further formal programmes can be implemented to ensure that this focus remains.
- Classes are scheduled creatively, therefore lecturing facilities are well utilised.
- Rustenburg will definitely prove to be a growth market in the next few years with plans to expand the platinum production of the region. This offers opportunities to train and retrain staff. The fact that technological changes have made jobs increasingly complex is also a factor that will favourably influence computer training.
- The risk of new course development is borne by Damelin Head Office, another practice that should be maintained.
- Bad debt, which has been a negative factor in economically difficult times, has been substantially improved. It is necessary to continue limiting bad debt to a minimum. It is suggested that credit approvals should be done, before granting credit to eliminate certain sure risks.

Some recommendations however could be made for a further improvement in performance (and also profitability):

- Formalised written planning should be done
- A marketing plan must be drawn up with clear objectives and control measurements.
- Stronger relationships should be built with the primary markets.
- Profitable services should be more aggressively marketed e.g. corporate workshops, NQF assessments, and facilitation (Participlan).
- A public relations programme should be drawn up to build and cement relationships with key publics.

- Attempts should be made to maintain relationships with graduated students (alumni), to generate further favourable word-of-mouth.
- A competitor information system should be drawn up, where competitor strategies are monitored.
- Explicit job descriptions, with key performance areas should be established, for each employee.
- Directors should not get too caught up with day-to-day issues of the running of the business, because then too little attention will be given to strategic issues.

6.5 Summary

As South Africa re-entered the international arena, it was critical that the education and training system kept up with international standards. International trends showed that technology is developing at a faster and faster rate, and those numbers of unskilled jobs are declining. Every day businesses are adopting new forms of technology and new staffing systems to gain a competitive advantage. If business wants to remain competitive, they need a highly skilled, flexible workforce. Changes in the macro-environment, especially political and legislative environments (SAQA Act, 1995; Education Act, 1997; Skills Development Bill, 1997; Employment Equity, 1999) have changed the playing field drastically for tertiary educational institutions. The Higher Education Act (Act 101 of 1997) has removed the barriers to entry for private education providers in the education industry.

The implications of these changes were that the task-environment has become fiercely competitive and that educational institutions everywhere in South Africa will have to become more "marketing-orientated". Although educational institutions realised the need for this, a clear integrated framework from which marketing could be done was required. It was therefore necessary for an educational institution to evaluate itself, in order to determine if, and where improvements could be made to its current strategy in order to gain a competitive advantage.

The main purpose of the research was to evaluate the marketing effectiveness of a private educational institution. This was done by identifying key strengths and areas for improvement in the marketing strategy of the private educational institution. From the

recommendations in 6.4 it is clear that the particular educational institutions are focusing their strengths on key market opportunities. There are however areas where improvements could be made. Performance improvements could lead to increased customer satisfaction, improved productivity, and improved profitability. Other goals achieved by the study include the identification of the key role players in the South African tertiary education industry, to set out the regulatory framework for education and to show how it influences the operation of an educational institution, and a general strategic marketing planning framework for educational institutions were provided.

For the marketing audit to be truly successful it is now necessary that deadlines for action should be linked to the areas identified for improvements. These improvements should then be assigned to the most appropriate directors, to execute and monitor them. A marketing audit should then be conducted in a year's time again to measure if any improvements in performance have resulted.

Possibilities for further research include that other tertiary educational institutions (public and private) could also evaluate their marketing effectiveness by using the marketing audit and therefore improve their performance, and competitive position in the marketplace.

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Appendix A
A Strategic Marketing Opportunity Analysis:
Interview Guide

PART 1: PRELIMINARY INFORMATION

Name of institution:

Address:

Interviewer:

Date:

Interview start:

A. Interviewee info

1. Name of person being interviewed:
2. Telephone number:
3. Job title:
4. Number of years with institution:
5. Job responsibilities:
6. Employment background:
7. Why person was chosen for interview:

B. Institution's information

1. Organisational chart
2. Copies of major institution publications:
3. Copies of planning report:
4. Policies & procedures:
5. Fee & tuition structure:
6. Studentnumbers:

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PART 2: HISTORICAL & CULTURAL ANALYSIS

a. Current information

1. Number of full-time students enrolled
2. Number of part-time students enrolled
3. Number of students attending evening classes
4. Number of full-time faculty members employed:
5. Number of part-time faculty members employed
6. Are alternative locations used to reach students? If so, where are they and why?
7. Tuition at institution

b. Background of institution

1. Key developmental phases and milestones in life of institution
2. Major crises experienced e.g. natural catastrophes, loss of key personnel, financial

c. History of programs and services

1. No of yrs. Institution has been in existence?
2. No of yrs. In present form
3. What changes have occurred in mission and goals
4. What changes in curricular programs, diplomas / degrees and services have institution experienced?
5. Issues & problems facing institution in next 5 years?

d. Events leading to initiation of this study

1. Key problems (long & short range) facing institution
2. Chief events leading to initiation of study

e. Current climate of college

1. Extent to which faculty, students, staff, administration of institution are aware of key issues affecting institution
2. What level of support can be expected from faculty, admin, staff of institution for this analysis?
3. Level of support and involvement you would like faculty, students, staff & admin to take in this study?

Appendix A
A Strategic Marketing Opportunity Analysis: Interview Guide

PART 3: MARKETING ENVIRONMENT ANALYSIS

***Table A, B, C, D & E accompany this part of instrument**

a. Curricular programmes and college services: Tangible products of institution (Table A)

1. Primary curricular programmes of institution
2. Primary services of institution
3. Procedures for evaluation of programmes and services
4. Programmes and services that should be considered for addition?
5. Programmes or services that should be modified / curtailed
6. Strategy for balancing mix of programmes and services

b. Publics: Groups which have major impact on institution

1. Groups constituting major publics of institution (e.g. students, faculty, staff, state legislators, Board of Trustees, licensing agencies?)
2. How do these publics affect institution and vice versa?
3. What is your perception of the way various publics feel towards the institution?
4. Who are the largest employers in your community? What, if any impact do they have on the institution?

c. Markets: The set of all actual or potential matriculants at your institution

1. Who are the institution's primary markets (e.g. high school, seniors, org's, graduate students, adult learners, syndicate groups) (Table C)
2. What are their key characteristics? (table c)
3. Who are your secondary markets?
4. What are their key characteristics?
5. What are the sizes of your primary and secondary markets? (Table C)
6. What are the segments of each of the primary markets (Table D)
7. How do you segment or differentiate each of the market segments? (e.g. geographic/ demographic etc.)
8. Which of the market segments have you chosen to target?
9. How do you go about attracting these markets to your institution?
10. What markets do you think your institution should begin to develop relationships with in the next five years?

d. Students: Consumers and products of institution

1. What do you perceive to be the needs of current students?
2. How does the institution serve these needs?
3. How will these needs change in the next five years?
4. What is the current college image (social, intellectual/ pragmatic) among markets & community?

Appendix A
A Strategic Marketing Opportunity Analysis: Interview Guide

5. What is your institution's attrition rate?
6. What trends and causes do you see causing attrition?

e. Access: Availability of institution's programmes and services (internal & external)

1. Institution's philosophy regarding accessibility of programmes and services
2. Various ways e.g. creative scheduling, use of alternative locations, that students have access to institution's programmes, services and resources by market and programme?
3. Current policies and practices for access to courses, services and resources across departmental and degree programme boundaries?

f. The competition: The institutions and forces, such as other institutions, work, or military that vie for the same students

1. What other institutions are the institution competing against for students?
2. How does this differ for various markets and market segments?
3. What are the competing forces that vie for your students by market and market segments?
4. What competing forces or institutions actually benefit your institution?
5. Does your institution have a file or information system on competitors? If so, how would this info be used?
6. What are the strategies of each of your major competitors?
7. What are the competitive trends in the marketplace?

g. Demographic trends

1. What effect will forecasted trends in size, age distribution and ethnicity of the population have on the institution?

h. Economic and political factors

1. What economic trends influence the institution?
2. Principal political factors influencing institution
3. How are students being affected by current economic and political changes?

i. Social and cultural attitudes

1. What changes are occurring in student lifestyles and values that have bearing on the institution?

j. Technology

1. What type of computer technological capabilities does your institution have?
2. How are technological changes affecting the institution's administration and curricular programmes

Appendix A
A Strategic Marketing Opportunity Analysis:
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4. MARKETING & PLANNING ANALYSIS

a. The institution's mission

1. What is the institution's mission?

b. The planning: (Nationally and locally)

1. What type of planning does the institution engage in?
2. What are the institution's long and short range plans?
3. What is the planning process and planning cycle?
4. Is your institution's plan translated into workable goals and objectives? What are they?

c. Marketing planning

1. Does your institution have a marketing plan?*
2. What aspects of the marketing plan are carried out through your office?
3. Is marketing planning integrated with other planning processes in the institution?
4. Does the marketing plan allow for modifications due to opportunities and challenges?
5. Does your institution periodically review and revise it's plan?

*** If response negative, skip to Part 5-A**

d. Marketing goals and objectives

1. Does your institution have marketing goals and objectives? If so, what are they?*
2. Are the objectives quantifiable and measurable?
3. Are the marketing goals and objectives in line with the mission, goals and objectives of the institution?
4. Are marketing goals broken into objectives for each component of the institution?
5. How can you tell whether goals and objectives have been met?
6. Are the marketing objectives appropriate given the institution's competitive position, resources and opportunities?
7. Have the deans, department heads and faculty been involved in the development of the objectives?

*** If response negative, skip to 5-A**

Appendix A
A Strategic Marketing Opportunity Analysis:
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5. MARKETING ORGANISATION ANALYSIS

a. Formal structure and staffing

1. Does your institution have a top ranking administrator responsible for analysing, planning and implementing the marketing plan of the organisation?*
 2. What are his / her job responsibilities and title?
 3. Is he/she trained in marketing?
 4. Who else is involved in carrying out the marketing plan (e.g. admissions)
 5. Are they trained in marketing?
 6. Are all the jobs, of those people formally involved in the marketing effort, defined, with key results, and specified evaluation criteria? Please explain.
 7. How did the current marketing structure evolve?
 8. Does the marketing structure reflect the opportunities and challenges facing the institution?
- * If response negative, skip to 5-B*

b. Informal marketing structure: When there is not a designated director of marketing, marketing committee or formal marketing structure.

1. Who is responsible for carrying out long and short range plans of the organisation?
2. Job titles and responsibilities
3. Trained in marketing?
4. Individuals in institution trained in marketing?
5. Do administrators, faculty members and non-professional staff understand and practice marketing?
6. In your opinion, what would be the benefits of hiring or appointing a director of marketing at your institution?

Appendix A
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6. MARKETING INFORMATION ANALYSIS

a. Information and data needs

1. What type of information does your institution generate (e.g. development reports, enrollment trends, budget reports)?
2. What type of information does your institution receive from outside?
3. How does your institution monitor and control this information?
4. What are your information needs (e.g. development reports, budget reports, enrollment predictions, government reports)?
5. What systems exist to provide relevant data to the right person quickly and accurately?

b. Marketing research

1. What type of internal research does your institution engage in?
2. Do you employ a market researcher?
3. Job responsibilities
4. How is marketing research used by the institution's decision makers?

c. Program development

1. How does your institution gather, generate and screen new program and service needs?
2. What procedures does your institution use to evaluate new ideas before investing heavily in their development?

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7. TUITION, COST AND BUDGET ANALYSIS

a. Tuition and costs

1. What is your institution's tuition per year?
2. How has your tuition changed over the last five years?
3. Who has influence over tuition costs?
4. How is tuition established and revised?
6. Does your tuition policy seek to have a marketing effect? Please explain.
7. What type of short-term tuition incentives (e.g. scholarships, grants, fellowships, work study) does your institution engage in?
8. Are differential pricing strategies being used for different markets and/or program groups?

b. Market response to tuition

1. How do students and prospective students react to your tuition schedule?
2. What is the likely market response to higher tuition?

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8. ADMINISTRATIVE ANALYSIS

a. Recruitment and admissions

1. How many recruiters and staff members are employed doing admissions?
2. What are their job titles and responsibilities?
3. How is your staff organised? (e.g. geographically, specialty, by some combination of function)
4. Describe the various types of recruitment activities at your institution?
5. What type of admissions and marketing training have your staff received?
6. What procedures exist for training and performance review of staff?
7. Does your office use volunteers and alumni. If so, how?
8. Does your department have access to a computer network? If so, how is it used?
9. What type of data bank do you maintain on potential, current and graduated students?

b. Marketing & public relations (advertising, promotion and publicity)

1. How many people are involved in this function?
2. What promotional tools does your institution use? (e.g. advertising, direct mail, publications)?
3. What are your college's promotional objectives?
4. How much is spent on each promotional area (direct mail, publications, advertising)?
5. Does your institution have an organised public relations program with objectives (Table G)?
6. What is the promotional mix for each programme and market?
7. What means do you use to measure what your markets think about advertising, promotion and publicity?

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9. CURRICULAR PROGRAM ANALYSIS

a. Courses, degrees and/or services

1. What are the primary courses, degrees, and/or services the college offers?
2. What is the health of the institution in terms of number of students?
3. What is the health of the institution in terms of quality of students? (as determined by grade point average, test scores and performance)?
4. What is the health of the institution in terms of the quality of the various courses, degrees, and/or services?
5. What courses, degrees and services are being, or should be modified or curtailed?
6. What courses, degrees and services are being considered for addition?
7. What procedures do you use for evaluating your courses, degrees and services?

b. Publics: the groups which have an impact on curricular programs

1. What groups constitute the major publics?
2. How do they affect the curricular programs offered?

c. Markets: the set of all actual or potential matriculants in your department

1. Who are the primary markets?
- Other questions refer to Part 3-C*

d. Students

1. What do you perceive to be the needs of your current students?
2. How do the curricular programs serve these needs?
3. How will these needs change over the next five years?
4. What procedures do you use to follow-up on your graduates?

e. Competition

1. What programmes, in other institutions, is your institution competing against?
2. What types of internal competition exist in the institution between programs?
3. What strategies do you use to favourably position your institution against its competitors?
4. What forms of competition benefit your institution?

Appendix B
A Strategic Marketing Opportunity Analysis:
Tables

Table B: Publics

Tick off publics relating to institution
 Add omitted publics

Input publics	
Provincial and national legislature	
Community Groups	
Head of province	
Board of Higher Education	
Other: Accrediting Agencies	
Internal publics	
Directors	
Administrators	
Lecturers	
Support Staff	
Committees	
Students	
Other	
Agent publics	
Media	
High school guidance counsellors	
Community org. and leaders	
Advisory Boards	
Others: Standard generating bodies	
Consuming publics	
Current students	
Prospective students	
Local community	
Business employers	
General public	
Others: Schools - Matriculants	
External publics	
Alumni	
Parents	
Community	

Appendix B
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Table G: Marketing function

Promotion	Objective	Current budget
Advertising		
Newspaper		
Magazine		
Billboards		
Other		
Direct Mail		
Newsletters		
Other		
Publications		
Institution Catalogue		
Alumni Letters		
College Newspapers		
Others		
Publicity		
News Coverage		
Alumni Days		
Others		