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**University Services: Subsidized or Self-Supported?
A Marketing Plan for a Financially Independent University Program**

by

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**An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of
Science in Business Administration in Marketing Management**

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Abstract

Can students still enjoy a rich college experience even as universities across the country are being forced to slash budgets? In my research I propose that many university offerings can exist as self-supported services with little to no university funding. As an example I will focus on the self-supported bicycle shop offered through the University of Arkansas Outdoor Connection Center (OCC). The research I conduct will examine: (1) the challenges that universities are experiencing in the current economic climate and how they are coping, (2) services that are offered by universities, focusing on those offered at the University of Arkansas and the UA Outdoor Connection Center specifically, (3) the awareness and perceptions of students towards campus services and the Outdoor Connection in particular, and (4) the creation of a detailed, comprehensive marketing plan for the UA Outdoor Connection Center's bike shop which can serve as a model for other aspiring self-supported university services.

The marketing plan will be the culmination of my research and the focus of my work. Through the creation of this plan I hope to provide practical and effective suggestions for the Outdoor Connection Center bike shop as well as a foundation of functional marketing techniques for other campus services.

Survey disclaimer: Included in this publication are survey results from research I have conducted. I have indicated the areas in which my findings are presented. The survey utilized was created through Qualtrics and was answered by 486 students, both male and female. Study participants ranged in age from under 17 to 37 years old, represented over 5 ethnicities, and were current students, faculty, or staff at the University of Arkansas.

Theme 1: Challenging Economic Climate of Universities

The Great Recession beginning with the bursting of the housing bubble in 2008 has wreaked havoc on both private businesses and universities around the United States. However, even as the government has bailed out failing private businesses, public universities have seen drastic cuts in their government funding (Ross). Two large university systems in California, for instance, lost over \$500 million each in state funding when the state budget was released earlier this year (Luhby). In the face of decimated public funding, universities have tightened their belts and done what is necessary to stay afloat. Indiana University reported cutting \$36 million from their budget over the last two years (Leonard), and others have cut more. The difference cannot be made up solely in budget cuts, however. Tuition at universities across the country has been rising drastically over the last several years. Washington State University's 16 percent tuition increase this year and next year is nothing out of the ordinary for public institutions in the U.S., and it is a pattern that WSU President Elson Floyd decries as "a model that is unsustainable into the future" (Mills).

Students are most impacted by the trend of reduced budgets and increased tuition. Outside of the obvious effect on students of higher tuition costs, cut budgets often mean reduced university offerings. Non-academic student programs have seen reduced or completely removed funding (Anonymous). It is little secret that student activities greatly add to the college experience and increase student wellness. In a 2008 study by the Association of Canadian Community Colleges, students identified a number of campus services including recreation and fitness facilities as greatly aiding in their personal wellness (Patterson). The decrease in educational quality (both actual and perceived) due to cut academic and non-academic programs is alarming. As the recession lingers and ideas of the current financial state being the "New Normal" (Hansen) become prevalent, it becomes increasingly important to rethink how universities spend money on a basic level. My research addresses possible solutions for growth of university services through marketing even as their budgets are fixed, decreased, or removed altogether.

Theme 2: University Offerings – Outdoor Connection Center

University programs for students are essential in shaping the college experience. Campus services vary by university and range from health services to computer labs to outdoor centers. The focus of my research is on campus outdoor centers.

The Outdoor Connection Center at the University of Arkansas is a service for students, faculty, and staff which provides trips, clinics, extensive equipment rental, a full service bicycle repair shop, and climbing and bouldering walls. Because the bicycle shop is financially separate from the Outdoor Connection Center, it will be the focus of my research. The OCC receives a small portion of its funding from student fees, but the bike shop within the OCC acts as a separate business and operates entirely on revenue brought in from bicycle repairs and some

product sales. The bike shop is one of the few self-supported campus services on the U of A campus, but it provides great value for the students who utilize it.

Theme 3: Students' Awareness and Perceptions of Campus Services

When approaching the idea of growing a university service with a limited budget, the first concern is conducting market research. Because the viability of any business venture hinges on the presence of a motivated market, I must have a thorough understanding of the market to which the Outdoor Connection Center bike shop is selling. I have gathered information via surveys distributed to students at the University of Arkansas. Surveys were distributed through an online link to a Qualtrics survey. The sample was taken largely from students within the Walton College of Business, but the demographics of the final sample group varied greatly by age, classification, and housing situation.

The issue of primary concern is students' awareness of the services offered by the university. As an employee at the Outdoor Connection Center, I often hear students commenting on how they did not know the OCC even existed. According to a recent study by the American Society for Quality, consumer awareness "leads the list of key forces that provide opportunities...for quality" (Rovito). A campus service operating on a tight budget must have high awareness to survive.

Also a matter of concern is students' perceptions of campus services. "The image that a good or service has in the mind of the consumer – how it is positioned – is probably more important to its ultimate success than are its actual characteristics" (Peter). Before I can begin developing a marketing plan for the Outdoor Connection Center, I must understand how its customers (students) perceive it. Discoveries about student perception of campus services will shape every part of the final plan.

Theme 4: Marketing Plan

The application of all previous research is a detailed marketing plan for the UA Outdoor Connection Center bike shop. The bike shop currently lacks a formal marketing plan to serve as a guide for its growth. The shop has been able to support itself to this point without focused marketing, but creating and sustaining growth for the future will be impossible without a plan for accessing new customers and keeping the business of current ones. Students on a college campus are bombarded with information about events, clubs, and services to the point that many of these opportunities go unnoticed. In order to survive, the bike shop's customers must be exposed to *creative* marketing.

The marketing plan is the culmination of my research and the most substantial part of my thesis work. It focuses on creative methods for achieving the only two true functions that marketing can perform: altering the shape and the location of the demand curve for a product or

service. As a marketer I can only attempt to increase demand and make that demand more inelastic. My research gives clues about the ideal marketing mix for the service that the bike shop provides. That is, it provides insights into customers' feelings about the bike shop's product (bike repair), price, location, and promotion. The data that I obtained through my research has been brought together, analyzed, and utilized as the foundational assumptions for the following marketing plan.

(Insert Marketing Plan and Appendix)

Conclusion: Takeaways for Other University Services

There exists a common temptation among university services to behave as something other than a typical business. This tendency is present within The Bike Shop at the Outdoor Connection Center and is evident in several other university services at the University of Arkansas as well. While the financial duties of a business may be tended to in a responsible manner, marketing is often seen as either unnecessary or out of reach. The purpose of my research was to create a useable marketing plan for The Bike Shop while keeping in mind the marketing needs of other university services. At the end of my formal research, four takeaways for the progressive university service have emerged.

1. Opportunity for growth

One of the largest issues deterring growth within a university service like The Bike Shop is an acceptance of the status quo. This complacency stems from three perceived “facts” about the environment in which university services operate. The first is the idea that a university service operates with little or no competition. Because there are rarely redundant services on the same campus (i.e. – two bike shops or two salons), services have the tendency to think of themselves as the only option for students. Socialist societies have proven in the past that a lack of competition leads to a lack of innovation and growth. The truth for campus services is that students have a variety of options from which to choose. Even students living on campus have the ability to seek out another bike shop within the community or a hair salon on the other side of town. Beyond that, customers always have the option of ignoring the service completely. A student may decide that she has no need for a bike shop at all. The stakes are high for campus services. In the past a university may have continued to subsidize an on campus business such as a bike shop even though it posted little growth, but at a time when every university dollar is scrutinized these services must be vigilant in order to remain in business.

The second false idea held by some university services is that there is little room to grow within a campus setting. Like a business operating in the community a campus service is in fierce competition, but unlike these more traditional businesses a campus service has a fixed market which it can serve. Undoubtedly this makes massive growth difficult, but it does not mean that a campus service is destined to forever post the same sales figures each year. On a campus like the University of Arkansas, a campus service has a potential market of over 25,000 individuals. Moreover, the largest subset of this market – students – almost completely turns over every four or five years. Until a service obtains 100% reach, there is room to grow.

Finally, some university services do not feel a *need* to grow. The Bike Shop at the OCC is a good example of a campus service which is well aware of the benefits to growth, but other services seem content with their current offerings for students. If a campus service exists to serve the campus community, then would the community not be better served by a salon with more styling capabilities, or a bike shop which offered not only basic repairs but more involved repairs as well, or a book store which carried all the products a student might need for class? Growth –

when managed properly – leads to more opportunities and benefits for customers. This growth needs a catalyst, however, and it requires campus services to branch into an arena of business with which they may not have formerly been comfortable.

2. Marketing as the catalyst for growth

The solution for growth in the business world is something that is oftentimes a relatively foreign concept for university services. The Bike Shop had invested very little time or effort in marketing before this plan was developed for its use. A business outside of a university setting would not dream of opening its doors without provisions such as adequate signage or a plan for generating growth, but oftentimes campus services – which are themselves businesses – neglect these necessities. The result is a campus service which merely exists. Symptoms of a stale campus service include limited offerings, little campus body involvement, and, consequently, flat sales.

Marketing offers a campus service the opportunity to reach a larger percentage of the campus body, increase sales, expand its services, and become more involved with the campus community. However, a campus service should avoid the pitfall of only utilizing the promotional side of marketing. While promotion is certainly an important piece of the marketing mix (especially since target market awareness of campus services can be extremely low – i.e. The Bike Shop), marketing includes more than simply getting a name out. Any marketing efforts need to also focus on 1. developing the *product* (service) that is being offered – making sure it is in line with customer expectations and needs 2. *pricing* strategies that are within the budget of the target market and consistent with the brand, and 3. making the products or services available to customers when and where (*place*) they need them.

The “place” element of the marketing mix is often dismissed by campus services because they usually cannot move their physical location on campus. What is more important than the actual convenience of the location of a campus service, however, is how customers *perceive* the convenience of that location. Steps can be taken to show the positive aspects of a location in an effort to make it more appealing for the customer. Another possibility includes taking the service to the customer. The Bike Shop’s “Bike Assessments on the Hill” and “Ice Cream on the Hill” initiatives are an excellent way to reach potential customers who may not otherwise take it upon themselves to see what the shop does.

3. Marketing on a budget

Even campus services which are aware of the benefits of well-developed marketing efforts may not pursue them because of the perceived high costs. Effective marketing takes time as well as money: resources which a university service may not feel it possesses. The marketing plan created for The Bike Shop was designed not only for the shop’s benefit but also as an example of the frame of thought and marketing methods that a low-budget university-based business can employ to create growth. Even as the marketing plan was in its draft stage, I was working with The Bike Shop to implement the ideas the plan contains. **What is discussed in the**

plan is more than hypothetical – it is already creating business for The Bike Shop.

Emphasized within the plan are several characteristics or opportunities that a university service can exploit in order to grow, including: the nature of *the campus community*, *technology*, and *creativity*.

a. *The Campus Community*

Unlike a normal business, a campus service has the advantage of operating under the umbrella of a larger, established system – the university. Although funding from the university may be very little or non-existent (like The Bike Shop), the scale and infrastructure advantages of the community can be exploited for the purposes of growing the campus service. An excellent example of this is The Bike Shop’s use of the on-campus bike hoops for advertising space. The Bike Shop has gained approval to use the bike hoops to promote the shop. The space is free; all the shop must pay for are the posters that will be affixed to the hoops. Even the lamination of the posters is free through one of the university’s lamination machines. Another important characteristic of the university environment which can benefit campus services is the availability of well-trained students seeking work experience. This opportunity is described later in the Continuing Growth section.

In order to function successfully with limited resources, a campus service must take advantage of the environment in which it operates. Opportunities for campus services can be found through campus newspapers and email updates, joint efforts with other campus services/initiatives, utilization of campus networks and groups, and a variety of other areas. The nature of a university environment makes a budget-friendly marketing plan possible.

b. *Technology*

Use of technology is heavily emphasized in The Bike Shop’s marketing plan. As technology has grown it has opened doors for small businesses that were previously off limits. A university is wholly populated by “new consumers” (Lewis and Bridger) who utilize technology as easily as they walk or breathe. A campus service, then, finds itself in a desirable position: technology at its fingertips and a target market who speaks this new language. Avenues like social media and QR codes are free to use and reach customers where they are. These new technologies are now the cornerstone of even the largest companies’ marketing efforts. When properly utilized, technology provides a way for university services to grow with very little capital expenditure. The important consideration, though, is that technology must be *properly* utilized (Blum, and Williams).

c. *Creativity*

As technology opens doors to marketers the common marketplace is becoming flooded with technological clutter. It is easier than ever to generate good ideas, but more difficult than ever to stand out from the crowd (The Hub). A campus service must be careful to not use technology simply for technology’s sake. Every step in the marketing process should be analyzed. When paired with creativity, technology is a wonderfully

useful tool for campus services. The same is true with any marketing effort. Creativity breaks through the clutter and speaks to customers. An initiative like “Ice Cream on the Hill” generates interest in a market which is bored with banners and sidewalk chalk. The young target market to which a campus service caters easily identifies the schemes of misguided advertisers (Ogilvy). Creatively developing a business with a genuine desire to serve customers is the only way to thrive.

4. Continuing growth

Marketing is not a one-time effort that can be ignored after the initial formulation of a marketing plan. Many budget-minded businesses fail to maintain focus on marketing efforts because they view them as expensive or difficult to implement and because the results can sometimes be difficult to quantify. In order to maintain growth, a campus service needs focus and dedication to continuing marketing efforts. Campus services, however, usually have extremely limited resources for such efforts. One solution which I have suggested for The Bike Shop and which is crucial for the longevity of budget-minded marketing efforts for any campus service is to have an individual who is responsible for keeping the business marketing-minded. Normally a position such as this would be a significant expense for a business, but a university service has within its reach a wealth of marketing students hungry for real world marketing experience. I suggest a partnership between campus services and the university’s Marketing Department which encourages students to undertake an independent study or internship with a campus service. The Bike Shop, for example, could look for a “marketing intern” on a semester or year-long basis. Students would receive academic credit, and The Bike Shop would have an individual focused on growing its business. This model is extremely applicable for other university services as well.

Key to growth is continuity of focus. The campus service which commits to creatively utilizing its available resources for marketing vigilance will find within its grasp a market with significant growth potential.

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