

***Customer Relationship Management in an Educational Institution in the
Philippines***

Helen M. Rigor, St. Paul University Quezon City, Philippines
Antoniette Z. Lacerna, St. Paul University Quezon City, Philippines
Antoniette A. Ocampo, St. Paul University Quezon City, Philippines

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Abstract

Customer Relationship Management is the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize loyalty. A touch point is any occasion on which a customer encounters the brand and product- from actual experience to personal or mass communication to casual observation (Anabila & Awunyo-Vitor, 2013). Universities and colleges provide education service which requires high customer contact with all the sensitivities that go with it. Marketing in general refers to the concept of choosing the target market and get, keep and grow customer through creating, delivering, and communicating customer value (Kotler, 2012). It is further stated that attracting a new customer is 5 times costlier than pleasing an existing one. Customer retention is more important than customer attraction. In satisfying customer needs, service performance must be able to attain, or better, exceed the customer expectations. This condition is requisite in building customer loyalty—that is patronizing or "staying in" the school and up to the future in whatever circumstances. This study is undertaken to determine the current status of the customer relationship management practices of a Philippine Catholic Higher Education University and its impact on student and parent satisfaction and retention. Primary respondents are the Junior, Senior High School and college students of the University for academic year 2019-2020 and their parents. Recommendations on customer service, marketing, and internal processes are given to address the gap between customer expectations and customers’ actual experience.

Keywords: customer relationship management variables, customer satisfaction, intention to recommend

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Introduction

Universities and colleges provide education service which requires high customer contact with all the sensitivities that go with it. Marketing in general refers to the concept of choosing target market and get, keep and grow customer through creating, delivering, and communicating customer value (Kotler, 2012). It is further stated that attracting a new customer is 5 times costlier than pleasing an existing one. As such, customer retention is more important than customer attraction. Likewise, it is said that it might cost 16 times to bring the new customer to the same level of profitability as that of a lost customer.

Customer value refers to the difference between a customer evaluation of all the benefits and all costs of an offering as well as substitutes/alternatives. This is what a university needs to establish-maximizing value. It involves making its offering, which is educational service, satisfying the customer needs for formal education. This matter must be a major concern of any university among its clientele-personalized customers.

In satisfying customer needs, service performance must be able to attain, or better, exceed the customer expectations. This condition is requisite in building customer loyalty -- that is patronizing or "staying in" the school and up to the future in whatever circumstances. Or if in the opposite such as customer disappointment, the university will be bad-mouthed by its abandoning clientele, further damaging its image to the public and making recruitment of new students more difficult.

It may be noted that the clientele refers to the inseparable tandem of parent and student, the former as provider while the latter as consumer. In such case, both must be satisfied.

With these foregoing discussions, it timely to revisit the status of customer relationship marketing as currently practiced at St. Paul University Quezon City. This is to address on purpose the anxiety that enrolment is decreasing and student attrition is increasing. Hence, if these are meant to be real and alarming it becomes imperative to make the necessary measures to reverse these trends.

Review of Related Literature

Creating loyal customer is the heart of every business. "The only value your company will ever create is the value that comes from customers- the ones you have now and the ones you will have in the future. Businesses succeed by getting, keeping and growing customers" (Kotler,2012).

It was further stated that successful marketing companies invert the traditional organizational chart. At the top are the customers, next in importance are the frontline people who actually meet, serve, and satisfy customers; under them are the middle managers, whose job is to support the frontline people so they can serve customers well, and at the base is top management, whose job is to hire and support good middle managers. Managers at every level must be personally involved in knowing, meeting, and serving customers.

Consumers have varying degrees of loyalty to specific brands, stores, and companies. Loyalty is defined as “ a deeply held commitment to rebuy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential t switching behavior. (Kotler,2012)

Customer Satisfaction

As noted, satisfaction is a person’s feeling of pleasure or disappointment, the result from comparing a product’s perceived performance/outcome to expectations. Customers who are dissatisfied with their purchases only about 5% complain or just stop buying. About 50% to 70% will do business again if their complaints is resolved higher if felt the complaint is resolved quickly. Customers whose complaints are satisfactorily resolved tell an average of 5 people about the good treatment they received. The average dissatisfied customer, however, gripes to 11 people. If each tells other people, the number exposed to bad word of mouth may grow exponentially.

According to Kotler (2012), complaints should be resolved quickly otherwise slowness makes dissatisfaction further grow and lead to negative word of mouth. Accept the responsibility for the customer’s disappointment and don’t blame the customer. The customer service people should be emphatic- always look at the situation from the point of view of the customer. Ultimately, it is attracting and keeping profitable customers.

What is pointed out is that institution must be able to empathize the needs of student in order to address them properly and satisfaction provided. Gone are the days for a school to be authoritative and commanding to students instead of being inspirational and listening to their needs for resolution.

Customer Relationship Management

Customer Relationship Management (CRM) is comprehensive approach for creating, maintaining and expanding customer relationship. It integrates people, process and technology to maximize relationships with all the customers (Roopchund, 2017). He further reiterated that market-oriented or customer –oriented strategies have been increased among universities willing to focus in satisfying the needs and preferences of their target markets/students in order to enhance their competitive positions. It was said that most educational institutions have specific functions regarding marketing activities such as admissions, alumni or international offices and employing advertising and PR efforts. While doing these marketing activities, it does not mean they are already market-oriented. In fact, students are viewing themselves as consumers and are demanding value for money for their education.

CRM is the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize loyalty. A touch point is any occasion on which a customer encounters the brand and product- from actual experience to personal or mass communication to casual observation.

CRM enables companies to provide excellent real-time customer service through the effective use of individual account information.

Student Relationship Management

According to a joint study by Rigo, Pedron, and Araujo (2017), a new concept of CRM education is emerging and still in the development: Student Relationship Management (SRM). SRM is oriented specifically towards Higher Education environment where strategy, processes, and philosophical lines are oriented to academic goals and student needs. The core values of CRM is to develop organizational capabilities that enable educational institutions to construct a holistic understanding of their students and consequently, to increase student retention levels. This study, involving people as a resource for CRM, urged organizations to get their employees committed to a customer-centered strategy. Employees need to be trained as well as motivated to meet customer expectations and needs. They have the role in the relationship between organizations and their customers especially those in the frontline positions. Further, this study has impressed upon that the main customer for an HEI is the student with proper balance to other stakeholders such as enterprises and partners. It suggested a “high school relationship” strategy which can strongly attract potential students through a process defined as “develop one to one marketing”, requiring a more personalized approach in dealing with students.

CRM Approach and Student Satisfaction

Based on a group study by Ogunnaikeet.al (2014), revealed that if student life cycle is properly managed and satisfied, students are willing to recommend the school to others due to two (2) major dimensions, namely; quality admission and graduate progress-monitoring. On the other hand, a student repeat patronage has significant impact on quality admission, good induction to the school, effective communication and graduate progress-monitoring.

With regard to the parent relationship management, the same results are derived, meaning quality admission has a main impact on recommending the university to others as well as the graduate progress-monitoring while repeat patronage added good induction and effective communication as the student is immersed in the school environment.

To synthesize the various literature and studies, it is highly noticed that whatever is the impression of the students about the school, is also the impression of the parents. Hence, the primary objective of this study was to determine the current status of the customer relationship management practices of St. Paul University Quezon City and its impact on student and parent, satisfaction. Specifically, this study sought to determine if the customer relationship management variables have a significant relationship with the students’ and parents’ satisfaction and their intention to recommend the university to others.

Method

The research is descriptive in nature with 269 senior high school and college students and 147 parents of senior high school and college students. The study made use of bonding, reciprocity, empathy, trust and responsiveness as customer relationship management (CRM) variables.

Conclusions

The following findings were derived from the gathered data:

- Students gave the highest rating on SPUQC's responsiveness while parents gave the highest rating on SPUQC's trustworthiness. Students agree that SPUQC personnel are always willing to help the students, and that they give sincere and detailed information about all the conditions of the service and provide them with enough attention and is able to answer their concerns within reasonable time. On the other hand, parents strongly agree that SPUQC is a trustworthy university based on their past relationships with the school.
- Both students and parents gave the lowest rating on SPUQC's empathy. In this dimension, both students and parents gave the highest rating on the account that SPUQC understands and answers their specific needs within the agreed time, but both gave the lowest rating on the statement that the SPUQC knows how they feel and sees things from both parties' point of view.
- Bonding, student satisfaction have positive relationship while bonding and intention to recommend have high negative relationship
- Reciprocity, student satisfaction and intention to recommend have low positive relationship
- Empathy and student satisfaction have moderate positive relationship while empathy and intention to recommend have negligible relationship
- Responsiveness, student satisfaction & intention to recommend have high positive relationship
- Trust and student satisfaction have low positive relationship
- Bonding and parent intention to recommend have high negative relationship.
- Trust and parent intention to recommend have moderate negative relationship.
- Reciprocity, empathy and parent intention to recommend have low negative relationship.
- Reciprocity, empathy, trust and satisfaction have high positive relationship
- Responsiveness and parent satisfaction have high negative relationship
- Responsiveness and parent intention to recommend the University to others have low positive relationship
- Overall, relationship between student/parent satisfaction and intention to recommend is insignificant

Recommendations

The following recommendations are derived from the findings of the study:

1. It is highly suggested that a further study that will incorporate other intervening variables such as communication, commitment and loyalty (Matilla & Lec, as cited in Ibok & Sampson, 2014) be undertaken.
2. For more comprehensive results, the management may consider including more respondent-parents and the expansion of the method used to include focus group discussion with respondents.
3. Immediate action steps are needed to address identified gaps in the study

Initial Action Steps Undertaken by St. Paul University Quezon City

1. The Academic Team has immediately tackled the full report on the customer relationship management study in order to take concrete steps and develop programs aligned with the SPUQC CRM dimensions, including:
 - a. Tailored online and offline communication and open-house events for parents with minimal disruption in their personal and business schedule.
 - b. Integrate teacher empathy skills in faculty growth sessions and training programs
 - c. Develop programs that are responsive to the needs of both students & parents
2. Integration of SPUQC CRM variables in the faculty and employees monthly faculty development and learning sessions.
3. Prioritization of CRM activities for the Senior Highschool programs. The deans will undertake curriculum review and development, which will include participation of SHS faculty, parents and students
4. Collaborative activities among Center for Admissions and Linkage, Basic Education Department and Higher Education Department units for the evaluation & matching of Senior Highschool programs with the College's top and banner programs in order to determine gaps

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Contact email: hmrigor@spuqc.edu.ph,
azlacerna@spuqc.edu.ph