# The Challenger Of Market Segments For Private Highereducation In Malaysia : Using Behavioral Segmentation

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**ABSTRACT:** *The Industry of Higher Education Institutions (HEIs) or tertiary school level in Malaysia keep continue to grow and develop from year by year . For sure if the number of tertiary institutions always tremendous increasing it can existing the competitive among the HEIs either public, private or college university is feel the same situation. However, with the lot of numbers of Private High Education Institutions in Malaysia plus with courses are existing around, it is difficult to understand what segment are student select the PHEIs to continue their study . Therefore, it is the main factors for PHEIs authorities to deep know and always conscious that influencing student to desiring study at a PHEIs. The purpose of this concept paper to helping PHEIs' give the overview of marketing and admission effort to understanding of what are the challenging of segmentation can convincing a student's feel happy and willing to study at a any PHEIs in locality on Malaysia and exactly with behavioral variable as key factor to market segmentation.*
*Keywords: Segmentation and Targeting , Private Higher Education Institutions , Challenging of Segmentation Marketing in Private Higher Education Institutions , Behavioral Segmentation*

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## I. INTRODUCTION

In the recent year the world of education transformation is very rapidly improvement and massive development from in various sight and factors. In Malaysia also impressed with the changing of the decline of education towards the 21st century .Today , mostly higher education institutions (HEIs) their giving the full commitment about doing the marketing and publish their universities like competition among the universities to give full attention and effort to right segmentation of customers . The role of higher education on foundation, undergraduate and postgraduate is about to running the program strategic, highly demand at industrial sectors and having value customers to students. Market segmentation is a well-established approach to dividing a potential market into distinct and separate and clusters of consumers with shared characteristics, needs and values, (Schiffman, Kanuk, & Hansen, 2008). This strenuous effort is due to the global factor affecting the university , in parallel with statement around the globe, higher educational institutions are facing declining enrolment and increasing retention problems (Rowley, 2003). Furthermore according to Kotler and Keller (2013) to reach success in the future must marketing to be holistic, build brand stronger through performance than via a promotion and leading electronically as well as through building a system of information and superior communication.

However, one of the challenges faced by higher educational institutions is catering to the needs of an increasingly diverse group of students that include a growing segment of more mature students from non-traditional backgrounds, international students, and students who enroll to achieve very specific objectives (Mavondo, Tsarenko, and Gabbot, 2004; Veloutsou, Lewis, and Paton, 2004; Lundberg, 2003; Chronicle of Higher Education Almanac, 2000).

Utilization of the principles of segmentation and target marketing are especially useful when firms have to operate in a stagnant market made up of consumers with diverse needs in an increasingly competitive marketplace (Kara and Kaynak, 1997; Kotler,2003). In such markets, firms can benefit by segmenting the marketplace in order to understand the unique needs of each group, and then designing product offerings to satisfy the needs of some or all of these segments (Dailey, et al. 2006; Diaz-Martin et al., 2000).

In Malaysia , its same with the others countries in the world, they have public and private universities and the overall the higher education institutions is cover and responsible to Higher Education Department under Ministry of Higher Education. Total number of public universities is around 21, private universities, private college total up is about 380 was registered and officially running their purpose teaching and learning.

Government policies is also a contributor factors of challengers to operating the marketing and narrowing to focus the customers what should the institutions have take action and making the marketing strategy. According to Tan (2002), there are four national goals that need to be met in the restructuring of private HEIs:
1. to produce the necessary human resources for the country
2. to export higher education
3. to stem the flow of higher education students offshore in order to reduce the outflow of Malaysian currency
4. to enroll 40% of student-age cohort in higher education by the year 2020 in order to realize the aim to make Malaysia a developed, industrialized country.

## II.    MARKET SEGMENT THEORY

The McDonald and Dunbar (2004) explained that marketing is a process that comprises defining markets; quantifying the needs of the customer groups (segments) within these markets; and determining the value propositions to meet these needs and etc. For the first step of marketing effort , the organization must clear and understand what are their customer group with segmented , particularly those of value to increasing the potential of develop, and thereon pass to doing the next step action is marketing strategies.

Commonly in marketing strategies the marketers are always applied the concept of 4Ps: product, price, promotion, and place in any condition of marketing strategy. Marketing analysis can be of help when a country positions itself in exporting educational services.

Kotler and Keller, (2005) a market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product and/or service needs. In addition regarding Kotler (2004) also a market segment consists of a group of customers who share a similar set of wants. We must not hair wire between a segment and a sector. For example car seller may say they want target group customer in young age, middle-income car buyers. The difficult situation is that that group from young and middle income car buyers will compare and demanding about what they expected in a car. So from the buyers , some of them want low-cost car and the others will want an expensive car, its equivalent in the marketing situation in reality. The criteria is young age , middle income car buyers is a sector, not a segment.

The Marketer's of any organization and company , they must doing the some research and task to identify the valuable, correct segmentation strategy and decide which the best one are select to target  and also they are not create the segments. Marketing segmentation are offers several benefits over mass marketing, which includes;
• The company can pick any easily and simple method of strategy for distribute to right segmentation.
• That benefit can give the clearer picture of its competitors, which are the companies running and focus business to the same segment.

## III.   MARKET SEGMENTATION ON PRIVATE HIGHER EDUCATION INSTITUTIONS

For this concept paper there have own criteria of Market Segmentation definition from the general concept market segment as described above. For the purpose we define the categorized of market segmentation in Private Higher Education Institutions (PHEIs) situation.  Obviously  market segments can be revealed by observing the attributes of certain student groups (Gibbs and Knapp, 2002).

Regularly any researchers have giving the interpretation of market segmentation base on previous research on famous four (4) key variables including the segment among the potential student higher education , it is demographic, geographic , behavioural and psychographic. Main factor of market segmentation is the sight that clients among the student in distinguish segments , there have different values, features , benefits , core factors and on this foundation behave differently when the request and interested  from consumer happen on what are the product the institutions offered . Service PHEIs industries have utilized a multitude of segmentation bases to formulate service strategies successfully.

In the higher education institutions , the regularly and there have being of different market segments in existence in PHEIs practitioner for example, defined by age or mode of study market segmentation in higher education situation is not well established  in the creative writing or literature plainly, despite there is to show the courageous of develop to extensive in market segmentation terms of the marketing strategy in each programs by universities worldwide.  There are, however, some concerns about market segmentation in PHEIs; overt market segmentation can result in unfair  practices and inequitable access to higher education when marketers analyse student decision-making based on socio-economic, religious, or ethnic groups (Hemsley-Brown &Oplatka, 2015).

Usually at the any Higher Education Institutions they have their own team marketing and admissions, so the task of marketers must doing first the segmentation analysis conducted routinely to make sure the institutions to generate and produce the new strategies based on the changing trending of environment student segments, then the resource requirements of such a comprehensive survey must be considered of marketers who are doing the market segment and targeting.

In this regard, Kotler and Keller (2008); Ferrel and Hartline (2005) identified three key criteria: segments must be measurable, meaningful and marketable. Analysis of segment can carried out the best focus that the university is able to determine and expect the size of the segment that the university's marketing wants to focus on, including its criteria, characteristics and features. Segment also giving the meaningful identified target market, and that its must be in large enough to capable to attract competitive consideration and entry, and in the case of universities, must have enough growth potentials to attract big number of students' enrolment and can give the best and complete service quality satisfaction what are they needs. Marketability segmentation refers to affordability to achieve and service their target customers efficiently.

Considering these three criteria, universities should consider three major objectives when designing and implementing segmentation strategy (Kotler and Andreasen, 2008):

i. Higher education institutions, especially technological universities, need to analyse trends, with a view of understanding students' behaviour, to determine the strategic marketing drive of the institutions.

ii. Realistic and achievable marketing goals and objectives should be the focus of the institutions. For example, to retain at least 10% of current undergraduate students for future enrolment into postgraduate programmes is an achievable goal.

iii. The need for universities to be more marketing concept-oriented, through employees' actions and behaviours, that will impact positively on the students' perception of service quality.

## IV. MARKET SEGMENTATION USING BEHAVIORAL ON PRIVATE UNIVERSITIES INSTITUTIONS IN MALAYSIA

As indicated above at theory and reality situation in market segmentation, institutions of tertiary levels are focusing on branding and marketing far more than in previous years . It can show and represent how struggle the private Higher Education Institutions to make a sustainable of running the universities, otherwise this institution will running the business platform such as produced the product from research in Universities collaborate with industrial who are interested to gaining the product of development. It can prove by how much every private HEIs spent their money to allocate in advertising and marketing action.

The government of Malaysia through Ministry of Higher Education acting a leading role and plays as a intermediary to Private Institutions Higher Education (PIHEs). However, according to Mazzarol et al. (2003), the major challenging to the expansion of brand campuses in Malaysia is likely to be the potential a big competitive or rivalry between various influential stakeholders seeking to encourage the development of their own alliance partners. Meanwhile, a totally of these number of private HEIs will need a more considerable period of time to fully develop and become financially strong and sustainable.

From the behavioral segmentation perspective, customer satisfaction can be achieved using two dimensions: (1) benefits sought by the consumer and (2) the underlying motivation of that consumption (Kotler and Keller, 2008). Situation in PHEIs of Malaysia was responsive and sensitive with the sought of student . The meaning of sought it can be various and depend on student what are they want to achieve , need and desire at the university. For example, the desire and element of want from undergraduate students (foundation, diploma, degree) can be distinguish from those of the postgraduate students which master and doctorate level . While postgraduate students may concern and more specifically on the providing of research facilities such as full functional laboratories, enough workshops room, complete equipment , supportive and responsibility with supervisors as feedback factors for satisfaction to postgraduate student , meanwhile the undergraduate students may emphasis to see availability of facilities in universities like classrooms with complete of latest technology such as LCD projector, Virtual Desktop Infrastructure (VDI) in classroom , not cramp and compact  lecture hours, technique of teaching methodology in class , financial aids, lecturers expertise in faculty as important behavioural tools for customer factor satisfaction .

Bennet and Ali-Choudhary (2009) concluded that this classification of students into quality, value and economy buyers are opportunities for universities to use behavioural variables of segmentation, in order to identify the different characteristics of their target markets. The researcher also agree that the variable of behavioural segmentation is quite helpful and important to giving and identify the different and various characteristics of their target markets. In addition to support the variable is one of major characteristics among the potential dimensions of choices of criteria physically are aspects such as accommodation, sport centre, library, laboratory, cafeterias, students' union and etc. These aspects could be categorized as facilities or infrastructure dimensions. Academic staff elements such as teaching quality, staff qualification, teaching quality, medium of instruction, reputation, and image appear as significant factors in teaching and learning quality (SitiFalindahPadlee, 2010).

From the mid-1990s, there were two major types of private HEIs in Malaysia, the single-discipline colleges and the comprehensive course-delivery colleges, and that the majority of the private HEIs were developing into the latter category, engaging in comprehensive course-delivery (Noran and Ahmad, 1997). It can be proving , when the private HIEs running with this concept of discipline mostly student behaviour they

want a different benefit from the subject their take at universities. Like , student want a various skills , knowledge in additional such as dual degree, certificate of any discipline, short course program will giving more experience and worldview about what are they study in universities.

The rapidly growing world and sophisticated technology in the context of education , now requires every university to be fast and sensitive to the current demands and needs either in industrial , world of academician , any profession in the world. Challenging are facing by PHEIs is insufficient of financial , the effect is in universities using the non updated technology maybe lagging behind in 5 years of latest technology. Universities cannot follow the demand of student , although they are the potential student but rather the requirement as university needed. Some private universities they are not taking the opportunity to extensive and expanding the program or courses, it depend on internal and external factors to PHEIs to decide. But also its happen to small private universities , very limited to move and operating as usually a Private University. For the action, many small PHEIs is going further with collaboration with the establish university like sign the Memorandum of Understanding and Memorandum of Agreement to show how serious of contributor to make sure the program and course is succeeding.

## V. CONCLUSIONAND SUGGESTION

In the conclusion it will be indicate that Malaysian tertiary education have their own challenging and legality to identify the best behavioural segmentation and targeting more over and especially to private universities .

For the certainty private Higher Education Institutions improvement giving the overall image of industrial of education in Malaysia. To achieve the nation's goal to become the regional education hub, Private Higher Education Institutions must identify and monitor what are the significant of factor convincing the student to grab their behavioural to study at local private universities. And also PHEIs are realise that student keep thinking forward with development of surrounding , general environment , technical thinking so the PHEIs must celebrate with support them with giving the suitable knowledge.

The suggestion to make up the sense of behavioural segmentation among student, Malaysia is now are heading to revolution of industry 4.0 , as informed from public policy and also is one vision of nation . And furthermore the universities can manage about insufficient of financial with collaborating with industrial management. Win – win situation can happen with, industry can save the lot of money from hire the specialist , because in universities they have a competent academician with complete fact and figure every research they have done. Also for university , they can save from buying a lot of machine and expensive with latest technology. And then relating with the industrial or working on reality experiences, the government also have introduced the 2U2I program to all of HEIs. This program about spending time of study 2 years at University with teaching and learning session , theoretical concept revealing with lecturer and student will manage their time with university environment. To build up their benefit sought , 2 years more at industry what are student discipline background academic. This system can give the extra experience to student, out of the habitual in campus and also the student exposed with the reality of workplace environment. It make sense to give a student more energetic to study and support of their institutions. The items which are most related to tertiary services such as quality education, cost overall in PHEIs including cost of living and cost of program , and facilities provided by the PHEIs are the key aspects that determine the decision-making process by the students and these aspects must be monitor by PHEIs carefully and susceptible.

Finally, the study and graduate with fully heart to accomplished its main objective that PHEIs must be keep analyse and informed as to which choice best behavioural criteria students prefer and perceive to be reliable to consider to study at that PHEIs.

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