Mass Customization and Permission Marketing: An Exploratory Study of Higher Education

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MASS CUSTOMIZATION AND PERMISSION MARKETING: AN EXPLORATORY STUDY OF APPLICATION IN HIGHER EDUCATION

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ABSTRACT

This study examines the potential for integrating Mass Customization and Permission Marketing into the interactive marketing strategy of colleges and universities. The variables assessed are Gender, ACT score, Web Usage, and Preference for accessing information via a standard Web site or personalized e-mail. Research findings indicate that "high functioning" male and female college prospects, as defined by ACT score, have a preference for personalized e-mail—an implicit Permission Marketing strategy. Four recommendations are offered to more fully integrate Mass Customization and Permission Marketing strategies in higher education.

INTRODUCTION

Over the past thirty years, an overwhelming variety of products and services has been brought to the consumer market. Cox and Alm (1999) reported an additional 260 new vehicle models, 87 soft drinks, 185 TV channels, 7,563 prescription drugs, 340 breakfast cereals, and 50 different brands of bottled water have been introduced into the marketplace since the early 1970s. Godin (1999a; 1999b) asserts that this overabundance of product variety is especially critical when it pertains to information and services. And Schriver (1997) laments that with all this product variety, customer loyalty is on the decline. Schriver attributes the decline in consumer loyalty to the overabundance of choices and easy availability of product information.

There is no doubt that “product proliferation” and “information overload” are two inherent characteristics of the “New Economy.” The consumer of today does not really want more product choice and product information. What they want, according to Hamel and Sampier (1998), is “choice, freedom, and control.” Specifically, the online shopper can now “surf” out of cyberspace whatever interests them and leave behind whatever has no appeal. The challenge is to “educate, entertain, and entice,” for no one can be compelled to pay attention online. The World Wide Web and its attendant technology of enterprise software now make it possible for organizations to woo prospects and ultimately develop meaningful relationships with them.

MASS CUSTOMIZATION AND PERMISSION MARKETING: BUSINESS APPLICATIONS

Geolee (1998) characterized Mass Customization as an outgrowth of the customer-service revolution, involving careful coordination of different functional areas within the business organization. As customers and their needs become more diverse, the “all-things-to-all-people” approach becomes less effective in catering to those preferred customers who generate the bulk of repeat business to the company.

Mass Customization is a new approach that Lampel and Mintzberg (1996) characterized as a continuum of production strategies based on varying degrees of customization and standardization. It is now possible for manufacturers to customize their design, production, assembly, and delivery processes as required by aggregate customer demand blending product characteristics and the economics of production. Three typical examples of Mass Customization production strategies are pure standardization, segmented standardization, and customized standardization, with each possessing its own unique benefit.
The "keys to success" for Mass Customization include flexible manufacturing systems, sophisticated order-management systems, and integrated information systems. What is missing, however, is the customer contact or customer collaboration in developing the product. This is the province of the tailored customization and pure customization strategies. And the latest strategy for developing an ongoing dialogue or relationship with the customer or prospect is "Permission Marketing."

Godin (1999c) has introduced traditional marketers to the concept of Permission Marketing, which offers the consumer an opportunity to volunteer to be marketed to. By doing so, it is more likely that the consumer will pay attention to your marketing message. Godin presents a compelling argument that seriously challenges the traditional Interruption Marketing paradigm. He proposes a 5-step process that minimizes time and money spent talking to "strangers." Instead, Permission Marketers move as quickly as they can, attempting to turn strangers into prospects. The goal is to have customers "opt in" to a series of personal communications.

Any organization that wishes to give customers exactly what they want must use technology and become two things: a Mass Customizer, that efficiently provides individually customized products and services; and a Permission Marketer, that elicits information from each customer or prospect. This process over time creates what Pine, Peppers and Rogers (1995) call a learning relationship.

**MASS CUSTOMIZATION AND PERMISSION MARKETING: HIGHER EDUCATION APPLICATIONS**

A professional enrollment manager in higher education today would agree that no substantive difference exists in the appeals that colleges and universities make to the student-customer and the appeals that businesses make to current and prospective customers. Although marketing practices may not be openly embraced in higher education, more colleges and universities are starting to appreciate marketing activities as an important enrollment management tool (Fielden, Hilton and Motes 1993; Licata and Frankwick 1996). And no marketing tool better exemplifies the vast power and potential of disseminating information in hypermedia computer-mediated environments than the World Wide Web (Hoffman and Novak 1996).

Merritt (1996) observed that like thousands of enterprises trying to sell goods and services online, universities have too, gone online. Durkin (1997) has profiled successful interactive marketing programs at three universities. She describes New York University's School of Continuing Education redesigned Web site as the first step towards the one-to-one strategy of tailoring information and responses to meet individual student need. She elaborates on Web forms that students and prospects may use in requesting further information and cites surveys that ask students' interests, or the personal use of e-mail. The objective of establishing an electronic communications infrastructure is to develop and nurture dialogue that will ultimately enhance the building of a comprehensive information management system.

Given the technological infrastructure that is in place at many universities, now is the time for enrollment managers to capitalize on the potential benefits of the World Wide Web. It is useful to conceptualize the standard University Web site as the way to implement a Mass Customization production strategy. Moreover, personalized e-mail responses to student inquiries become the entree to a Permission Marketing strategy.

**PURPOSE OF THE STUDY**

The purpose of this study is to examine the feasibility of using Mass Customization and Permission Marketing in the development of interactive marketing strategies for colleges and universities. More specifically, this research investigates Web usage and examines if a preference exists among college and university prospects for securing college information. Of particular interest is the role of gender and cognition. Cognition was operationalized as an ACT score. There were four specific research hypotheses tested.

**DEFINITION OF VARIABLES**

Two variables were developed and used in this study. The variable names are capitalized and operationalized. The first variable, WEB USAGE, represents whether the prospective student is currently using the Web in their college search or not. The second variable, PREFERENCE, indicates if the prospective student has a preference for securing college information directly from the standard institutional Web site or receiving personalized e-mail through a dialogue initiated by the prospective student. Another variable, ACT score, is the raw composite score used for college admission
SPECIFIC RESEARCH HYPOTHESES

H1: The interaction between Male and ACT score accounts for a significant amount of variance when predicting the criterion variable WEB USAGE;

H2: The interaction between Female and ACT score accounts for a significant amount of variance when predicting the criterion variable WEB USAGE;

H3: The interaction between Male and ACT score accounts for a significant amount of variance when predicting the criterion variable PREFERENCE; and

H4: The interaction between Female and ACT score accounts for a significant amount of variance when predicting the criterion variable PREFERENCE.

METHODODOLOGY

Two-hundred sixty questionnaires were distributed at a Career and College Exploration Night held for high school juniors and seniors in the Spring of 1999. The only criterion for participating in the night program was that a student had plans to attend a university. The administered questionnaire was simple in design, requesting that the prospective student fill in or check an appropriate box. The overall research format was a request for students to “help us construct a university Web page.” For the study, two questions were of particular interest: (1) Are you currently using the Web in your college search? and (2) Would you rather secure college information directly from the Web site or receive personalized electronic mail (e-mail)? Their additional open-ended responses were then coded and tabulated. Finally, the two standard demographic characteristics of Gender and ACT score were recorded for classification and segmentation purposes.

ANALYSIS

Four specific research hypotheses were tested using simple regression. Since this research was exploratory in nature, each hypothesis was tested at the .10 alpha level. The rationale for this alpha level was to minimize the risk of a Type 1 error.

RESULTS

The findings illustrate the results of four specific hypotheses. Hypothesis #1 tested the interaction effect between being male and ACT score when predicting the criterion variable WEB USAGE. This hypothesis was found to be not significant.

Hypothesis #2 tested the interaction effect being female and ACT score when predicting the criterion variable WEB USAGE. This hypothesis was statistically significant (F, 1/129=6.7, p<.01; R= -.22, R-square=.04).

Hypothesis #3 tested the interaction effect between being male and ACT score when predicting the criterion variable PREFERENCE; that is, securing college information directly from a standard institutional Web site or receiving personalized e-mail. This hypothesis was statistically significant (F, 1/94=8.1, p<.0054; R=.28, R-square=.08).

Hypothesis #4 tested the interaction effect between being female and ACT score when predicting the criterion variable PREFERENCE; that is, securing college information directly from a standard institutional Web site or receiving personalized e-mail. This hypothesis was statistically significant (F, 1/129=7.04, p<.008; R=.228, R-square=.052).

DISCUSSION

Four hypotheses were tested and three were found to have statistical significance. Hypothesis #2, which tested the interaction effect between being female and ACT score when predicting Web usage, revealed a statistically significant inverse relationship. In other words, as female ACT scores increased, the likelihood of using a standardized Web page in securing college information decreased. An ACT score of 21 was determined to be the "breakpoint." This means that females whose ACT score falls below 21 are more likely to use a standardized Web page; hence, as females’ ACT scores exceed 21, the likelihood of using a standardized Web page decreases. There are at least two possible explanations for this finding. First, it may be that the standard Web site is too impersonal for "high functioning." (i.e., higher than average ACT score) females. A second possible explanation may lie in a limitation of this research; the sample consisted of junior and senior high school students. It may be possible that "high functioning" females initiate their college search.
prior to their junior year, and were not currently using the Web in their college search. One implication is that an institution may not wish to design a standardized Web site targeted at all females. This kind of Web site may be too impersonal for "high functioning" females.

Hypothesis #3, which tested the interaction effect between being male and ACT score when predicting a preference for a standard Web site or personalized e-mail, found that a preference did exist. Specifically, "high functioning" males with ACT scores above 23 prefer personalized e-mail contacts. This implies that high functioning males may have more specific and detailed questions, issues, and concerns pertaining to the institution. Therefore, generic information that is typically provided in mass communication to high functioning males may not be the most effective appeal.

Hypothesis #4, which tested the interaction effect between being female and ACT score when predicting a preference for a standard Web site or personalized e-mail, found that a preference did exist. "High functioning" females with ACT scores above 22 prefer personalized e-mail contacts. This validates the finding in hypothesis #2, where "low functioning" females, that is, females whose ACT score is below 21, prefer to secure college information from a standard Web site. The implication is that high functioning females want to establish a personal relationship with someone at the college or require specific information that is tailored to their personal request.

SPECIFIC IMPLICATIONS

This research suggests that the strategies of Mass Customization and Permission Marketing are not mutually exclusive. They are a "continuum" of marketing strategies that offer significant potential for integration or overlap. For example, Godin (1999b) cites four critical issues to be assessed when establishing a Permission-Based Web site. However, in a college or university environment, the Mass Customization strategy is implemented by the building, design, and maintenance of the standard Web site. Hence, the university Web site can be used as the foundation for a Permission Marketing strategy.

Seth Godin, the author of Permission Marketing and Vice President, Direct Marketing for Yahoo!, presents four keys to a Permission-Based Web site. Listed below are these keys, with specific application to the marketing of higher education.

1. Test and Optimize Your Offer — Pay for attention now — get "opt-in" later. For example, college marketers could send every prospective student (those submitting their ACT scores to the college) a "Prepare for College" package, where the Web site ("For more information, write to us at info@yourcollege.edu") is visible on every item. This type of sales promotion is a "segmented standardization" that appeals to the generic need of "college preparedness" — a Mass Customization strategy.

2. Make the Permission Overt and Clear — Create a mutually beneficial dialogue and leverage it. After the initial contact is made by the mass customization effort offered via the university Web site, the institution is now in a position to offer specific information on programs, activities, etc. that is requested. This is the foundation for using personalized e-mail — a Permission Marketing strategy.

3. Use Computers, Not People, to Send and Receive Information — Establish realistic expectations about what you can provide to the prospective student and build a sophisticated automated solution. For example, personalized e-mail can be classified and sorted according to generic need and "batch mailed" or "list served" to the appropriate individuals. This is the essence of "customized standardization" — a Mass Customization strategy.

4. Focus on Mastery: Online Consumers Need to Feel Smart — Build simple tools that work, and make people feel smart for using them. Our research findings suggest that some prospective students are very intelligent and have a need for personalized information that is much more extensive than the standard catalogue information. "High functioning" students may be planning their entire professional career, not simply limiting themselves to a traditional 4-year academic program. The sophisticated college marketer should look beyond institutional requirements and start integrating personal goals and aspirations into e-mail responses — a Permission Marketing strategy.

CONCLUSION

This study examined the potential for integrating Mass Customization and Permission Marketing into the
interactive marketing strategy of colleges and universities. The variables examined were Gender, ACT score, Web Usage, and Preference for accessing information via a standard Web site or personalized e-mail. Research findings indicated that “high functioning” male and female college prospects, as defined by ACT score, have a preference for personalized e-mail—an implicit Permission Marketing strategy. Moreover, four recommendations were offered to more fully integrate Mass Customization and Permission Marketing strategies in higher education.

Limitations

This study has all the inherent concerns of examining an intact and self-selected group. However, the most obvious limitation is the class range of participant. The research findings were limited to high school juniors and seniors. In today’s age of computer Web use and professional development, an examination of a younger audience may be warranted.

Implications for Future Study

Future researchers may wish to investigate more extensively the role of student cognition in creating a university Web site. Gender differences or other student attributes should be controlled for, or factored in when modeling or predicting Mass Customization or Permission Marketing strategies in higher education. Hence, studies that merge the concepts of Mass Customization and Permission Marketing would add to the body of professional literature and benefit all those engaged in marketing institutions of higher education.

REFERENCES


