

Benefit segmentation analysis suggests marketing strategies for MBA programs

BY GEORGE MIAOULIS
Professor and Chairman
and MICHAEL D. KALFUS
Graduate Research Assistant
Department of Marketing
University of Hartford
West Hartford, Conn.

BENEFIT SEGMENTATION analysis can serve as a useful research tool in the marketing of MBA programs.

By identifying and categorizing prospective MBA students according to their similar educational motives and preferences, universities can:

- understand the composition of the MBA market and target specific audiences,
- formulate sound marketing strategies,
- establish clear marketing objectives and programs to achieve goals,
- develop promotional and communication strategies,
- design MBA curricula,
- determine program-delivery systems, and
- set strategic pricing (tuition) levels.

While few, if any, graduate schools of business are using benefit segmentation to position and market their MBA programs, the need for such analysis has been clearly demonstrated.

"An investment in yourself will pay dividends for life!" is a typical ad headline schools of business use to motivate people to enroll in their MBA programs. Experiencing or anticipating declining graduate and undergraduate enrollments, schools are fiercely competing for MBA students, particularly in urban areas.

Enrollments have declined because of a decrease in the school-age population, a general decrease in graduate enrollments nationwide, the "glut" of MBAs in the marketplace, and the

belief that the MBA degree does not automatically lead to a job and successful career in the business world.

So schools of business are turning to marketing to recruit MBA students. In fact, MBA program directors are becoming full-time marketing managers for their schools' programs. They focus on promotional elements, design brochures, make presentations at recruiting fairs, advertise in a variety of media, and conduct direct-marketing campaigns using Graduate Management Admission Test (GMAT) mailing lists.

A good example is a program at the Whittemore School of Business at the University of New Hampshire, Durham. Posters and T-shirts announcing "Study Business in the Boonies" were designed to promote awareness of the school's MBA program.

Recently, as enrollments have declined and competition has stiffened, schools have taken a more strategic approach to identifying target audiences and developing a full marketing mix. They perform marketing audits, test strategic alternatives, formulate directional policy matrices, and conduct surveys of prospective and current students.

IN OUR URBAN MARKET (Hartford, Conn.), three institutions compete aggressively for MBA students. The University of Connecticut offers a program accredited by the American Assembly of Collegiate Schools of Business (AACSB) at a Hartford center about 35 miles from its main campus in Storrs.

The Graduate Center in Hartford is a satellite program of Rensselaer Polytechnic Institute, a private institution based in Troy, N.Y. Both the University of Connecticut and Rensselaer

offer part-time MBA programs while our private institution offers both full-time and part-time MBA programs.

Another university in the Hartford area is about to enter the race for MBA students: Central Connecticut State University, New Britain, has received approval from the State Board of Regents to begin an MBA program this fall.

The result will be increased competition in an area where enrollments are decreasing an average of 4½% (several institutions have had declines of 7½% to 8½%). In response to this competitive challenge, we conducted an exploratory segmentation study to identify the benefits sought by students who were enrolled in the three MBA programs in the Hartford market.

Over a three-month period, we conducted in-depth interviews among a diverse sample of MBA candidates; 56 men and 52 women, divided equally among the three institutions. The research identified 10 benefit-oriented segments. The first seven reflect the benefits students seek from pursuing the MBA degree while the last three seek benefits related to the institution.

(The 10 segments are described in the accompanying box. Note that some of the secondary benefits overlap the segments.)

EVEN THOUGH the data were collected in the Hartford market, the results of the segmentation analysis suggest marketing strategies that apply to all MBA programs. The goal, of course, is to effectively direct limited resources to the universities' most responsive markets.

Institutions with AACSB-accredited programs should monitor the enrollments of the quality-seeker, specialty-seeker, career-changer, and



George Miaoulis



Michael D. Kalfus

professional-advancer segments. Should these segments decline as overall enrollments decline, universities may have serious recruitment problems.

Also note that the status-seeker, degree-seeker, avoider, convenience-seeker, and nonmatriculator segments desire benefits that are not necessarily associated with AACSB accreditation. This suggests that these students may be more price- and promotion-sensitive.

It appears that institutions not currently AACSB-accredited have a higher proportion of their enrollments from the status-seeker, avoider, convenience-seeker, and nonmatriculator segments. Such schools would have to change their segmentation strategy should they desire to obtain AACSB accreditation. This would inevitably require a change in image and program delivery prior to seeking accreditation to avoid an abrupt decline in enrollment.

Institutions with part-time programs that are *not* considering AACSB accreditation may have the greatest opportunity to develop and fine-tune new programs for the purpose of increasing their enrollment bases.

FOR EXAMPLE, specialty seekers look for highly focused, spe-

cialized programs. Therefore, MBA programs designed for career change and mobility would be viewed by this segment as highly attractive.

Women returning to the job market after a period of absence would be candidates for these programs. To the extent that convenient location and ease of registration can be provided by institutions, the nonmatriculator, avoider, and convenience-seeker segments will be drawn to schools offering these important secondary benefits.

As institutions in the market move toward AACSB accreditation, the specialty-seeker, status-seeker, avoider, and nonmatriculator segments will be underserved. A new program with minimal requirements, convenient location, and ease of registration would be very appealing to these students.

The desire to become AACSB-accredited by some MBA programs can create new market opportunities for others. Such changes open and close gaps in the MBA market. University administrators who use benefit segmentation analysis will stand a better chance of understanding these changes and responding with appropriate marketing strategies.

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