

2.8. THE IMPLEMENTATION OF ACTIVE MARKETING COMPLEX IN AN ORDER TO INCREASE THE COMPETITIVENESS OF LATVIAN PRIVATE HIGHER EDUCATION INSTITUTIONS

Abstract. A decisive role in the modern economy is played by the educational services market. This is due to the fact that the level of education and obtained qualification are the one of the key factors of the quality of the labor force in the labor market, hence, as is well known, the number of knowledge, skills and abilities that an employee possesses increases as well. This, respectively, leads to the increase in quality and quantity of goods (services) produced by the labor market and an increase in the organization's income, which leads, inter alia, to an increase in wages and quality of life for an employee, and in the long term, acceleration of the country's economic growth rate.

The labor market while creation of new needs for the skilled labor, must be matched by the market of educational services. This is a system of economic relations between different entities in the sale of educational services, and the main function of this market is to serve as a link between the production of educational services and its consumption.

A key factor in the development of export of education became the change in the approach to the educational program/service as a product, which, in turn, revealed the problem of commercialization of education.

Marketing allows research the markets of educational services, labor resources, introduction of new educational services, generation of demand for educational services and stimulation its distribution. It is noted that the successful functioning and further effective development of educational institutions in a market economy is impossible without the use of marketing complex.

The paper gives a review of current tools of marketing mix complex applied in a context of higher education services in the market of the Baltic States and Poland. These countries have many common characteristics and features that make them almost equally attractive for incoming applicants interested in obtaining a degree there. Due to these circumstances higher education institutions

(HEIs) are currently operating in unstable and highly competitive environment, besides private HEIs in Latvia are experiencing even harder pressure due to the lack of state financing and tightening legislative measures. It seems the only tool able to help a private HEI to ensure sustainable competitiveness is the application of marketing mix complex. The aim of the paper is to analyze modern elements of marketing mix applied in higher education and to offer its improvement measures that should lead to increase of its competitiveness. The object of the research is the market of higher education institutions of the Baltic States. The subject of the research is the process of an educational activity and its development on the market of the Baltic States with the application of modern marketing mix complex tools. Marketing mix traditional complex including four known elements as product, price, place and promotion are analyzed in the paper with its application possibilities exactly in the field of the higher education. Additional marketing mix element – the personnel is especially important to be analyzed when the object of the research relates to the educational services and is overlooked in the research as well. As a result of the research, conclusions are obtained and the recommendations how to ensure sustainability and competitiveness for the services provided by a higher education institution in Latvia are given. The actuality of the paper is defined by current market of HEIs circumstances – increasing competitiveness both in the domestic area and in neighboring countries accompanied by the tough demographic crisis and population leakage. The methodology applied in the paper includes both observation and statistical analysis of the current market situation combined with the modern marketing mix dissemination approach. The results of the paper allow the staff of the HEI to get wider application of marketing mix elements in the industry of higher education both in the Baltic states and other countries.

Keywords: HEI, academic marketing, marketing mix

Introduction

The diversity of views on economic nature of education leads to a variety of concepts for managing the education system. Consi-

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der here the aspects of the application and implementation of the concept of marketing in international education. There are several views on the economic nature of education, which adhere to specialists in this field.

Education as a public good and social mission.

Education, understood as a public good, has such characteristics as being free and affordable, while the possibility of applying the concept of marketing is significantly limited.

Education as a complex of paid educational services.

Economic theory defines the market of higher education as an intellectually constructed space where the demand of students and their parents (“buyers”) for higher education is satisfied by universities (“sellers”) offering them study places. In this case, a higher educational institution is considered only as a system for the provision of educational services and acts as a full-fledged market participant with a wide range of market instruments of activity.

Thus, we can conclude about the dual nature of education.

Education services have high social importance and combine signs of public and private goods, thus re “mixed” public goods. This point of view on the economic nature of higher education services today prevails among foreign and domestic specialists. The dual economic nature of higher education services allows us to conclude that it is possible to use market-based methods to manage the education system and implement the marketing concept borrowed from the business field, with amendments and assumptions that take into account the specifics of the education sector.

Modern researchers believe that the knowledge economy is a system of socio-economic relations regarding the production, distribution, exchange and consumption of knowledge as products of spiritual production, or an economy that creates, disseminates and uses knowledge to accelerate its own growth and increase competitiveness. Accordingly, the “main fiddle” in the knowledge economy is education. In this regard, it should be noted that currently there is a phenomenon of world significance - the formed global educational space that unites national educational systems of different types and levels. Moreover, this educational space has actually turned into the global market for educational services,

which is a combination of educational services consumed abroad by citizens of different countries, as well as educational services provided by foreign institutions in domestic markets.

The global market of educational services conditionally combines several segments. The main ones are language courses, schooling, higher education, additional professional education, etc.

The international education market is a system of relationships between producers, suppliers and consumers of educational services. Services are provided to citizens outside their countries, including using information and network technologies.

The main segment of the international educational services market is formed by the higher education programs.

Currently, the following key global trends in the development of the higher education services market are observed in the global educational system:

- the rapid growth of the educational services market;
- the ever-growing mass market of educational services and the right to education for everyone (the opportunity and equal chances for every person to get an education in an educational institution of any type, regardless of nationality and race);
- diversification of the territorial structure of the educational market and the emergence of new “players”;
- globalization and internationalization of higher education, based on the comprehensive nature of knowledge and mobilization of the collective efforts of the international educational and scientific community;
- universalization of the content of all types of education, which cannot be stopped in the era of the information revolution and the spread of the Internet;
- democratization of the education system and the availability of education to the entire population of the country, the continuity of its levels and levels, the provision of autonomy and independence to educational institutions;
- increase in the range of educational and organizational activities aimed both at satisfying diverse interests and at developing students’ abilities;
- turning education into a priority financing facility in the developed countries of the world;

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– cross-cultural integration, tolerance to different cultures, traditions and customs, etc.

The problem of the research should be defined as following: the system of higher education in Latvia is currently functioning under the pressure of following factors- the lack of domestic applicants due to demographic decrease of the 90s and current migration, according shortage of financing especially for private higher education establishments, legislation pressure for private institutions related to a limitation of application of non EU languages as a tool of education, growing interest of international markets, especially Central Asian and Asian, increase of competitiveness of the neighboring region, such as Lithuania, Estonia and Poland.

These conditions require special attention while the Higher Education Institution's (HEI) marketing mix formation, development and modernization as it is quite obvious the only implementation of the modern marketing complex ensures sustainable development on the market of educational services. Traditional approach of marketing mix includes the application development of 4 elements, such as product, price, place and promotion. Due to the highest personification of the provided educational services it is necessary to enlarge the line of the elements with the 5th factor, such as: the personal. Qualified administrative and especially academic staff of a HEI is a key background of successful institution presentation on a market of educational services.

The aim of the paper is to analyze modern elements of marketing mix in education and to offer its improvement measures that should lead to increase of the competitiveness.

The object of the research is the market of higher education institutions of the Baltic States. The subject of the research is the process of an educational activity and its development on the market of the Baltic States with the application of modern marketing mix complex tools.

Marketing mix tasks for the higher education institutions

1. Product

The product provided by a HEI is a qualitative education service, a kit of skills forced by a theoretical knowledge that allows

a graduate to successfully operate on a labor market and to become accordingly evaluated and required by human resource representatives. Qualitative education obtained in a country of origin by the graduates helps to increase national gross domestic product, to ensure wealthy rate of the population, to decrease migration and to increase manufactory. The same education, obtained in Latvia by the international students from Central and South Asia countries helps to increase multicultural level in a country of origin that leads to many related factors, such as morality, creativity, tolerance and acceptance of others, etc. A good example of product`s competitive analysis, ISMA higher education institution located in Riga, Latvia is currently offering 3 professional bachelor`s study programs (among other study cycles), such as Business Administration, Business Administration in Tourism and Information Systems [1]. The SWOT analysis of these products includes following factors:

Strengths

- Traditionally demanded study programs both on domestic and international market;
- 25 years` experience in education;
- The experienced staff is able to deliver subjects within the program bilingually both for domestic and international students;
- Spacious auditoriums with modern PC equipment;
- Well-functioning system of distance education (Moodle);
- Convenient location, close to various hostels and with wide possibilities of transportation;
- Affordable price for education services, both for domestic and international applicants;
- Individual approach to each student;
- Wide possibilities of internships abroad and studies on exchange.

Weaknesses

- Little linkage to local and foreign entrepreneurs;
- Common meaning of Business Administration program leads to interest decrease of the applicants;
- Involvement of internet technologies and online platforms also lead to decrease of demand for travel professionals that means the necessity to seriously improve Business Administration in Tourism program;

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– The market of Baltics and Poland HEIs is fulfilled with offers of similar study programs.

Opportunities

– Necessity to involve more of business representatives into the educational process;

– Necessity to enlarge product lines, adding more specializations (such as Music Management for Business Administration and Digital Technologies in Tourism for Business Administration in Tourism) or even to establish completely new study programs with potentially high demand (combining qualifications both from IT and Business spheres)\$

– A need of modernization in distance education process\$

– Conquering of completely new markets (Europe, Latin America and others).

Threats

– Increased competitiveness from HEIs with similar study programs in the Baltic States and Poland supported by the remaining possibilities of these countries to deliver programs in non EU languages (such as Russian), an advantage highly evaluated by the applicants from Central Asia, Ukraine, Russia and others Post-Soviet countries;

– Increase of governmental subsidies and other supportive programs for Post-Soviet countries students (such as Ukraine) offered by Poland, Germany and other countries, previously less interested in the same niche target audience;

– Demographic decrease and migration flow lead to reduction of requirements necessary to apply for studies in state education institutions with budget coverage of study fees that essentially complicates existence of private higher education establishments forced to keep study fees as the unique source of their existence.

– Pandemic dissemination with a threat to permanently freeze or to postpone in-present education and increase of online-educators services with a better competitiveness at the moment.

There should be developed according complex of measures to increase quality of educational services, formation of new ones, optimization of included courses and the life cycle of study

programs. According to Belyi [2], following complex of basic principles should serve as a background for product policy of a HEI:

- the principle of continuous innovation,
- the principle of diversification,
- the principle of synergy,
- the principle of continuity of education,
- the principle of total quality management,
- the principle of portfolio formation based on a strategic analysis of education services.

2. Price

According to Kotler [3], “price is the only element of marketing mix that produces revenue”. In other words, it could be stated the price policy is one of the most important elements in the circumstances of the competitive rivalry. Nowadays mostly used pricing policies for HEIs are flexible combinations of costs plus, customer oriented, oriented on competitors, oriented on the “perceived value” of the educational services. A constant combination of pricing methods in a mix with continuous analysis of marketing demand and other offers presented on a market is the only key to success in such a field of entrepreneurship as education is. Pricing strategies can also vary depending on a region where applicants enroll from and even intake time and study forms (in-present, on a distance regarding to pandemic or fully online). It also means differentiated discounts policy for leading representing agents in regions. Electronic means of communication and use of social networks also allows applying flexible pricing policy depending on a need and payment possibilities of a targeted auditorium. Special short term promotions, coupons attract mostly local applicants. Still competitive analysis must take into consideration whole market of the Baltic States and even Poland with a remark, that price policy of underbidding can be even dangerous for offering educational services on a market. Too low price comparing to competitors` offered could contribute to a feeling the educational services are less qualitative. People from distant regions are ready to make a long way to a selected destination and they would like to be sure the price they pay will worth the education they came for.

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The same due to dissemination of online studies still should take into consideration the image of “valuable and worth to pay” service provided to a student even on a distance.

3. Place

The delivery of educational services should be diversified as following:

1. An institution of higher education should have clearly structured multichannel distribution network, that includes schools, colleges, businesses interested in obtaining of qualified graduates, non-profit organizations, public services. Also social media channels should be recognized as an effective tool of distribution and communication, nowadays more then ever

2. Educational services should be also delivered on a remote basis with an application of modern distant studies tool, such as Moodle or other platforms and via Zoom services or similar platforms. These services should include following benefits both for students and staff: be fast to check, easy to use, clear how to evaluate, multilingual and to contain useful and up to date materials;

3. Wide network of branch offices and distribution agents should cover distant regions, offering possibilities of in- present and remote studies and its control and monitoring at the same time;

4. Leading employees involvement into the study process-creation of jointed departments, structures, business incubators, making a HEI able to satisfy industry’s needs in a qualified staff;

5. Internationalization of education – creation of joint programs, double diplomas, providing internship and study abroad possibilities. State and EU sponsoring foundations could contribute a lot regarding this issue (for example, Erasmus+ actions).

4. Promotion

Nowadays promotion network for education services should have wide and international dissemination and include various methods of communication. An intake must be supported in several ways, including involvement of own HEI’s internal forces such as marketing and international departments. However own resources

spent on promotion are not enough especially while analyzing current situation in the market of private HEIs of Latvia, experiencing high competitive pressure both from inside and outside the country. Social networks are fast and budget tool of communication. It helps to target necessary audience in various countries, to monitor and control results of a promotion company and to evaluate the feedback. Direct marketing, emailing can work well too. Still fairs, events, trade shows remain a good tool of communication in the field of education as participation means personal contact that gives sense of trust both for an applicant and an interviewing staff, however it is obvious after the pandemic dissemination role of such events will decrease. Digital technologies help in promotion of different marketing means, such as website, special announcements and promotions, banners, presence of a HEI in specific internet communities, education forums, web-portals; it also contributes in formation of interested and specially targeted groups in social networks etc.

5. Personnel

The personnel structure in a HEI should be diverse and include both representatives of an academic area and related business representatives. Contracts should be also structured as permanent, long-term and short-term (for specially invited lecturers of a separate course during 1 or 2 semesters). The staff should have full responsibility for developing related disciplines, its structure and content taking into consideration modern market requirements and student's needs altogether with content of other study courses within a program and HEI's abilities. Program's directors are responsible also for strategic planning and for the whole course content, they also impact human resource management for the related program. The quality of education, knowledge base and skills should be regularly improved by a personnel, also with attendance of events organized within the framework of EU Erasmus+ initiative (staff weeks, teaching visits etc.) Scientific activity, such as regular participation in own organized and other international conferences, paper publications of a lecturer should be stimulated by a HEIs administration as it also leads to overall improvement of the total quality of education, offered by a HEI.

Results

The market of higher education institutions in Latvia, the Baltic States at large and Poland is highly competitive. Latvian private educational institutions are under high pressure also because of local legislation and lack of state financing. Their survival is supported by own force mostly, so the only opportunity for such a HEI not only to survive but even to succeed on the international market of higher education is to ensure its competitiveness both in present and on a remote positions at a maximum level. Marketing mix with its practical and easy applied tools is a key to establish sustainable competitiveness and to keep it. The enhancement of marketing mix and continuous modernization of its elements will ensure secure HEI's operation in the conditions of unstable and dynamic environment and will lead to increase of educational service realization effectiveness even taking into consideration existing pandemic and post-crisis recovery when the existing market will be significantly enhances by the digital services at no doubts.

Conclusions

Qualitative education obtained in a country of origin by the graduates helps to increase national gross domestic product, to ensure wealthy rate of the population, to decrease migration and to increase manufactory. The same education, obtained in Latvia by international students from Central Asia and South Asia countries helps to increase multicultural level also in the country of their origin that leads to many related factors, such as morality, creativity, tolerance and acceptance and others.

Nowadays mostly used pricing policies for HEIs are flexible combinations of costs plus, customer oriented, oriented on competitors, oriented on the "perceived value" of the educational services. A constant combination of pricing methods in a mix with continuous analysis of marketing demand and other offers presented on a market is the only key to success in such a field of entrepreneurship as education is. An institution of higher education should have clearly structured multichannel distribution network, that includes schools, colleges, businesses interested in obtaining of

qualified graduates, non-profit organizations, public services and social media; educational services should be also delivered on a remote basis and include this component during pandemic and after the recovery already as a must. Creation of joint programs, double diplomas, providing internship and study abroad possibilities also leads to enlargement of education services dissemination network. Regarding promotion of education services, there should be used well know traditional tools such as direct intake, visits, fairs, open days etc. but the role of social media is increasing rapidly as well. The personnel structure in a HEI should be diverse and include both representatives of an academic area and related business representatives.

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