Marketing tactics and parents' loyalty: the mediating role of school image

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Abstract

Purpose – This paper aims to investigate how marketing tactics can enhance parents' loyalty in the educational context. Building on extant research, it proposes an integrated framework in which perceived marketing tactics are related to school image, which in turn is related to parents' loyalty.

Design/methodology/approach – Five marketing tactics are selected. A questionnaire is constructed, and data are collected from 1,200 parents of schoolchildren studying in 60 elementary schools in Taiwan. A multiple regression analysis is conducted to analyze the data.

Findings – The results show that the selected marketing tactics all significantly and meaningfully predicted the perception of school image, however promotion tactics were the most effective strategy. In addition school image is an effective predictor of parents' behavior. Finally school image mediates the relationship between marketing tactics and parents' loyalty.

Originality/value – The finding suggests that school administrators can use marketing tactics in order to enhance school image that in turn leads to parents' school choice and word-of-mouth.

Keywords Marketing strategy, Schools, Parents, Taiwan

Paper type Research paper

Introduction

Educational marketing has been introduced into the compulsory education arena in many Western countries throughout the 1980s and 1990s (Oplatka and Hemsley-Brown, 2004); however, this topic is hardly discussed in Eastern countries despite the fact that the survival of many schools is dependent on their capacity to retain or increase the recruitment of students. This is particularly true of Taiwan, where schools currently face increasing competitive environments due to the dramatic decrease in birth rate, births dropping from 324,980 to 205,721 in the past decade (Ministry of the Interior, 2007). Interestingly, although in education studies a long research tradition exists that deals with the subject of student loyalty (Helgesen and Nesset, 2007; Hennig-Thurau *et al.*, 2001) or parents' satisfaction (Friedman *et al.*, 2006), empirical research which focuses on the incorporation of marketing activities in schools in order to improve school image and thus successfully retain and recruit students is scarce. Furthermore, although the existing literature explores a wide variety of factors relevant to parents' satisfaction with their children's school (Friedman *et al.*, 2007, 2006), the researcher disagrees as to which one best contributes to parents' satisfaction which in turn further influences parents' intention and behavior (Friedman *et al.*, 2007, 2006).

For the current study, we focus on some selected elements of marketing tactics. In particular, we select five key elements, namely, product mix, people mix, price mix, place mix, and promotion mix as representative of marketing programs. Our research

will investigate whether certain marketing tactics contribute to school image and then to parents' attitudes and behavior. The results will enable school principals to decide whether to initiate marketing plans and how to deliver them most effectively.

We seek to answer the following research questions:

- Which marketing tactics are most effective for building school image?
- Does a favorable school image increase parents' loyalty to their children's school?
- Is school image, as a mediating variable, effective in influencing the relationship between marketing tactics and parents' loyalty?

Conceptual model and hypotheses

The purpose of this study is to investigate the relationship between school marketing tactics, parents' perception of school image and parents' loyalty. Figure 1 depicts the research model underlying our study. We separated our model into two portions. Portion 1 deals with parents' perception of marketing tactics and their effect on school image. Portion 2 includes school image as a predictor of parents' loyalty. Below we present the literature review and the hypotheses developed.

Research hypotheses

Marketing tactics and school image. Kotler and Fox (1995) defined educational marketing as "the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with a target market to achieve organizational objects." In this study, we investigated parents' perceptions of five selected strategic marketing elements, namely, product, people, price, place, and promotion. The selected factors do not embrace all types of marketing efforts but are representative of the marketing efforts towards the formation of school image.

- *Product mix.* Product mix in this study refers to school infrastructure such as the library, computers, and teaching facilities. Price *et al.*'s (2003) study showed that students' perceptions of a university's facilities are one of the main influences for their choice of school. Other empirical studies support the view that satisfaction with the facilities and equipment is positively related to overall school satisfaction (Friedman *et al.*, 2006), which in turn enhances students' loyalty (Helgesen and Nesset, 2007). Palacio *et al.*'s (2002) study also showed that the facility component of cognitive image positively and significantly influences the overall image of the university.
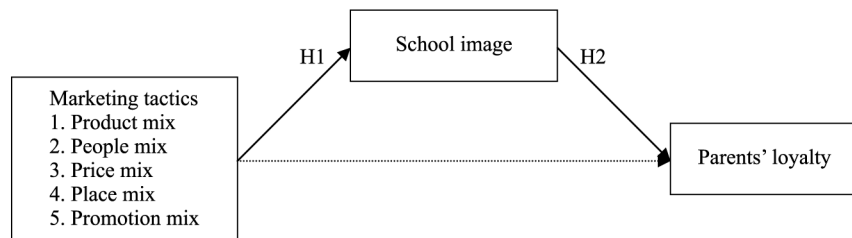
Figure 1.
Predicted relationships among marketing tactics, school image, and parents' loyalty

Note: The dashed line represents additional paths that were tested as a partial mediation model

- *People mix*. People mix in this study refers to teachers' ability, skill, knowledge, experience, and care for the students. Douglas *et al.* (2006) asserted that the most important aspects that influence students' satisfaction were associated with teaching and learning, while a number of scholars support the view that teachers' ability, communication, and expertise are positively related to overall school satisfaction (Friedman *et al.*, 2006; Marzo-Navarro *et al.*, 2005) which in turn enhances students' loyalty (Helgesen and Nesset, 2007). Palacio *et al.*'s (2002) study also showed that the teaching staff component of the cognitive image positively and significantly influences the overall image of a university. Services are delivered to the student by the teacher, and this moment of truth can make or break a university's image (Banwet and Datta, 2003).

- *Price mix*. According to the Ministry of Education (MOE), all elementary schools in Taiwan must charge the same tuition fee. Therefore, price mix in this study will examine a variety of scholarships and bursaries. Marzo-Navarro *et al.* (2005) showed that price of enrolment is one of the key elements that have an impact on student satisfaction, and this satisfaction then prompts people to recommend the courses.

- *Place mix*. Place mix in this study refers to whether the school's location is accessible and transport is convenient. Place appears as a heterogeneous phenomenon, which is created by each school at each place. Although it is a way of combining local and distant resources, location convenience reduces the time parents and students must travel back and forth from school every day, thus feeling they get more value from the school. The increased value results from the reduction in time sacrifices that the parents must make to escort the child to school which in turn leads to the parents' higher perception of the school image (Yoo *et al.*, 2000). Although there is a lack of empirical evidence to support this relationship, it appears logical that place mix is associated with school image.

- *Promotion mix*. In this study, promotion mix refers to information sharing with parents via formal or informal media (e.g. leaflets, letters, brochures, internet portals, or PTA meetings). Most schools engage in press and non-press public relations. Schools in many countries that have adopted educational market policies have expended much effort in gaining enhanced press coverage of their activities in order to promote their image and recruit prospective students (Oplatka and Hemsley-Brown, 2004).

School image can be formed by many different factors and is the result of a cumulative process that incorporates experience over time, diverse information, and marketing activities of the school. The established and developed school image can be rapidly improved by technological breakthroughs and unexpected achievements or, conversely, be destroyed by neglect of the needs and expectations of various parents who interact with the school (Nguyen and Leblanc, 2001a). However, school image can be enhanced when parents are satisfied with the perceived school marketing activities. Thus, the first hypothesis is as follows:

H1. A selected school marketing mix, namely (*H1a*) product, (*H1b*) people, (*H1c*) price, (*H1d*) place, and (*H1e*) promotion, is positively related to school image.

School image and parents' loyalty. The development, maintenance, and enhancement of customer loyalty toward a firm's products or services are generally seen as the central thrust of marketing activities (Dick and Basu, 1994). Higher customer loyalty implies higher market share and profitability (Chaudhuri and Holbrook, 2001; Fornell and Wernerfelt, 1988; Reichheld *et al.*, 2000). This increased customer loyalty can also help lower marketing costs, solicit more customers, and effectively operate trading leverage (Aaker, 1997). Moreover, loyal customers foster positive word-of-mouth promotion, advocacy, and customer referrals (Dick and Basu, 1994). It is no surprise then that companies want to retain and develop their loyal customers.

Paralleling the related concept of customer loyalty, parents' loyalty contains an attitudinal and a behavioral component (Dick and Basu, 1994). The term "parents' loyalty" means that parents hold a deep commitment to register at a preferred educational institution consistently in the future, to provide positive word of mouth, to recommend the service to others, and to encourage others to use the service (Zeithaml *et al.*, 1996). Due to the present critical educational situation (e.g. supply exceeds demand) in Taiwan, it is important that parents are committed to the educational institution. Loyal parents who allow their child to study at the same primary school until their education is complete can be good advocates – recommending the school to other parents and encouraging other children to study there – thus helping to attract new students.

Parents form an image of the school based on the associations they remember with respect to that school. Therefore, school image is the result of an aggregate process by which parents compare and contrast the various attributes of schools.

Numerous scholars assert that corporate image is associated with customers' accumulated experiences and market communication with products and services such that the more favorable the corporate image, the more customers will perceive quality, value, and satisfaction, and the more loyalty they will have to the company (Andreassen and Lindestand, 1998a; Johnson *et al.*, 2001). In relation to this, Oliver (1999) asserted that attitudes are functionally related to customer behavioral intentions, which predict actual behavior. Therefore, perceptions of school image form attitudes which in turn influence parents' loyalty, that is, a favorable perception of school image is suggested to be positively related to parents' loyalty (Andreassen and Lindestand, 1998a, b; Dick and Basu, 1994; Helgesen and Nesset, 2007; Nguyen and Leblanc, 2001a; Palacio *et al.*, 2002). Thus, the second hypothesis is as follows:

H2. A favorable school image is positively related to parents' loyalty.

Alternative model. In addition, we propose that the relationship between marketing tactics and parents' loyalty is partially mediated by school image, which suggests a direct link between marketing tactics and parents' loyalty.

Research method
Sample and data collection
The samples for this study were parents whose children study at elementary schools in Taiwan and have at least one year of contact experience with teachers or the school. Adopting convenience sampling, the questionnaire survey covered parents from 54 elementary schools, of which the final sample of 769 represented an effective response ratio of 63.3 percent, with females accounting for 67.1 percent of the sample. Majority

of the respondents (62.8 percent) were aged 31 to 40 years, 50.8 percent of them graduated from high school, 43.6 percent have three children, and their average income per month (33 percent) was TW\$40,000-60,000.

Measures
All items were measured on five-point Likert-type scales, with the items ranging from "1" (strongly dissatisfied/disagree) to "5" (strongly satisfied/agree). Mean scale scores were calculated for all measures.

Marketing tactics. This is the independent variable of this study. We examined the perceived rather than the actual marketing mix. As Yoo *et al.* (2000) suggested, perceived marketing efforts have a stronger meaning and hence explain consumer behaviors more effectively than actual marketing efforts.

The scale employed was developed by the authors through a process described as follows (Devellis, 1991):

· Items were first collected from extant lectures (Douglas *et al.*, 2006; Friedman *et al.*, 2006; Joseph *et al.*, 2005; Marzo-Navarro *et al.*, 2005; Soutar and Turner, 2002), then further interviews were conducted with parents, teachers, and principals, and finally, 29 items were generated.

· We pre-tested our survey with a convenience sample of 80 parents.

· A scale reliability and validity procedure was established using item analysis, item-to-total correlation, Cronbach's alphas, and exploratory factor analysis.

Parents' loyalty. Parents' loyalty is the dependent variable in this study. It was measured using a five-item scale similar to those used by Zeithaml *et al.* (1996), Nguyen and Leblanc (2001b) and Helgesen and Nesset (2007). Sample items include "if I have a preschool child, I will continue to let him/her attend the same school," "when my child is entering an elementary school, this school will be my first choice," and "when my relatives or friends need information about school, I will voluntarily recommend this school". The coefficient alpha was 0.9128.

School image. School image was used as mediator variable for this study. It was measured according to the factors of reputation and credibility (Martinez and Pina, 2005; Pina and Martinez, 2006). With respect to the higher-order construct of school image, we employed a second-order confirmatory factor analysis model. The results indicated a good fit for the data. Then, the included items were calculated to create reputation and credibility factors. Subsequently, these two factors were treated as indicators to measure the school image construct. Coefficient alpha was 0.9333.

Analysis and results
Table I contains the factor analysis results of the 26 (see Appendix) marketing tactics indices. The exploratory factor analysis was based on the principal component factor analysis with varimax rotation, eigenvalue exceed 1 and factor loadings exceeding 0.5. The test value of Kaiser-Meyer-Olkin (KMO) was 0.939 and the *p*-value of the Bartlett's sphericity test was significant ($p < 0.001$), suggested the use of a factor analysis. In the end, 26 out of 29 items of marketing tactics were identified that had a factor loading over 0.5, and five factors (product mix, people mix, price mix, place mix, and promotion mix) with eigenvalues larger than 1 were extracted. The total percentage of the variance explained for marketing tactics was 64.740 percent. In the social sciences, it is

Variables	Product mix	People mix	Price mix	Place mix	Promotion mix
Product1	0.723				
Product2	0.603				
Product3	0.767				
Product4	0.716				
People1		0.698			
People2		0.784			
People3		0.764			
People4		0.830			
People5		0.821			
People6		0.792			
People7		0.763			
People8		0.722			
Price1			0.563		
Price2			0.660		
Price3			0.735		
Price4			0.789		
Price5			0.753		
Place1				0.656	
Place2				0.736	
Place3				0.804	
Promotion1					0.696
Promotion2					0.746
Promotion3					0.700
Promotion4					0.744
Promotion5					0.752
Promotion6					0.709
Eigenvalue	2.436	5.456	3.059	2.037	3.844
Variance explained (%)	9.370	20.986	11.765	7.833	14.785

Note: Cumulative variance explained 64.740 percent

Table I.
Result of exploratory factor analysis: marketing tactics

common to consider as satisfactory a solution that accounts for 60 percent of the total variance (Hair *et al.*, 1998). The coefficient alpha ranged from 0.7480 to 0.9319.

Table II presents the means, standard deviations, reliability estimates, and correlations among variables. The mean and standard deviation are within the expected ranges. The scales met the generally accepted reliability of 0.7 (Nunnally, 1978). We tested our hypotheses with three separate multiple regression analyses. The

	M	SD	α	1	2	3	4	5	6	7
Product	3.747	0.581	0.7671	1						
People	4.094	0.542	0.9319	0.480[*]	1					
Price	3.989	0.577	0.8424	0.457[*]	0.557[*]	1				
Place	3.893	0.635	0.7480	0.407[*]	0.387[*]	0.459[*]	1			
Promotion	3.784	0.592	0.8743	0.454[*]	0.448[*]	0.520[*]	0.536[*]	1		
Image	3.839	0.618	0.9333	0.517[*]	0.578[*]	0.558[*]	0.502[*]	0.612[*]	1	
Loyalty	3.852	0.704	0.9505	0.456[*]	0.516[*]	0.514[*]	0.451[*]	0.539[*]	0.801[*]	1

Notes: [*]$p < 0.01$ (two-tailed)

Table II.
Means, standard deviations, reliability, and correlations

first analysis included all of the hypothesized antecedents; the second analysis included the hypothesized consequences; the final regression analysis verified the mediate relationship of school image between marketing tactics and parents' loyalty.

We tested each hypothesis by examining coefficients significance. *H1*, the relationship between marketing tactics and school image was tested in a simultaneous multiple regression model that included all five measures of marketing tactics. The results in Table III show that product mix ($\beta = 0.149$, $p < 0.001$), people mix ($\beta = 0.248$, $p < 0.001$), price mix ($\beta = 0.144$, $p < 0.001$), place mix ($\beta = 0.123$, $p < 0.001$), and promotion mix ($\beta = 0.292$, $p < 0.001$) all positively and significantly influenced school image, thus supporting *H1*. Full empirical support was found for the relationship between marketing tactics and school image. *H2* examined the relationship between school image and parents' loyalty. The finding in Table III strongly supported the hypothesis, as school image was found to influence parents' loyalty positively and significantly ($\beta = 0.801$, $p < 0.001$), thus *H2* was also supported.

To test the hypothesized mediating role of school image, we first assessed the following conditions for mediation (Baron and Kenny, 1986):

- the independent variable (marketing tactics) must be related to the mediator (school image);
- the mediator must be related to the dependent variable(parents' loyalty);
- the independent variable must be related to the dependent variable; and
- the independent variable must have no effect on the dependent variable when the mediator is held constant (full mediation) or should become significantly smaller (partial mediation).

The first and second conditions both were supported by *H1* and *H2*. For the third condition, that the independent variable affects the dependent variable as shown in Table IV, the results indicate that marketing tactics (product $= 0.124$, $p < 0.001$; people $= 0.216$, $p < 0.001$; price $= 0.159$, $p < 0.001$; place $= 0.114$, $p < 0.01$; promotion $= 0.242$, $p < 0.001$) positively and significantly influenced parents' loyalty. To evaluate the final condition, when "school image" was added to the equation, we compared the two models as shown in Table IV. The results showed that

| | DV | | | |
| | School image (*H1*) | | Parents' loyalty (*H2*) | |
IV	β	*t*-value	β	*t*-value
Product	0.149[*]	4.966		
People	0.248[*]	7.904		
Price	0.144[*]	4.405		
Place	0.123[*]	4.032		
Promotion	0.292[*]	9.094		
School image			0.801[*]	37.009
F	180.044[*]		1369.691[*]	
R^2	0.541		0.641	

Note: [*]$p < 0.001$

Table III.
Tests of the hypotheses

	Model 1		Model 2	
	β	t-value	β	t-value
Product	0.124^{***}	3.698	0.020	0.764
People	0.216^{***}	6.168	0.044	1.535
Price	0.159^{***}	4.391	0.060^{*}	2.080
Place	0.114^{**}	3.375	0.029	1.094
Promotion	0.242^{***}	6.670	0.039	1.336
School image			0.693^{***}	21.938
F	115.867^{***}		237.547^{***}	
R^2	0.432		0.652	
ΔR^2			0.220	

Notes: $^{*}p < 0.05; ^{**}p < 0.01; ^{***}p < 0.001$

Table IV.
Tests of the mediating
effect of school image

product mix ($\beta = 0.020$, $p > 0.05$), people mix ($\beta = 0.248$, $p > 0.05$), place mix ($\beta = 0.123$, $p > 0.05$), and promotion mix ($\beta = 0.292$, $p > 0.05$) were no longer significant, though price mix ($\beta = 0.60$, $p < 0.05$) was still significant but its strength decreased, therefore the relationship between marketing tactics and parents' loyalty was mediated by school image. This suggests that price mix influences parents' loyalty directly and indirectly through school image (partial mediation), but product mix, people mix, place mix, and promotion mix influence parents' loyalty only indirectly through school image (full mediation).

Conclusion and implications
This study examines the effects of selected marketing strategies on parents' loyalty to their children's school. Specifically, we investigated the relational linkage between five perceived marketing activities and parents' loyalty through the mediating role of school image and found some important implications for the formation of parents' loyalty to elementary schools.

Impact of marketing tactics on school image
As to the first research problem, we found that all the selected marketing strategies had favorable influences on parents associated with school image. Empirical results indicated that the higher the parents' perception of marketing efforts, the more favorable the school image will be. However, the amount of influence the selected marketing strategies had, differed. Promotion tactics were the most significant factors influencing school image, followed by people tactics, product tactics, and price tactics. Place tactics had the weakest effects.

School image is complicated because it is based on multiple experiences, facts, episodes, and information, and it therefore takes a long time to develop (Yoo *et al.*, 2000). In this study, we found that school image can develop through physical facilities and equipment; teachers' skill, ability, and knowledge; financial aid; location convenient to access; brochures, internet postings, or symposium. Our study showed the importance and the roles of various marketing efforts in building a favorable school image. As such, school principals can relate these findings to their image-building strategies.

The question of whether schools should engage in marketing activities is still contested and presents as an emerging dilemma (Oplatka and Hemsley-Brown, 2004). However, in the highly competitive and rapidly changing education system, survival becomes one of the most important goals for schools. In other words, how to maintain or even enhance school image has become an important success indicator for schools (Zeithaml *et al.*, 1996). The empirical results of this study show that a school's dedication to marketing mix programs is worthwhile as the perceptions of that marketing investment can enhance a school's image. Thus, building a distinctive position is a successful strategy for enhancing competitiveness by educational institutions.

Impact of school image on parents' loyalty
As to the second research problem, consumers who had positive perceptions of a school's marketing effort were more likely to have a favorable school image. This in turn influences parents' positive word-of-mouth, school choice, and retention. The results suggest that school image can act as a useful tool for predicting parents' loyalty.

School image can either support or destroy parents' beliefs about acquiring value, thereby directly influencing parents' attitude and behavior (Abdullah *et al.*, 2000). School image in that way acts as a gatekeeper to further elaborations. When the school image is favorable, the positive impression enhances the possibility that that school will be chosen, retained and enjoy positive word-of-mouth.

Implications
This study has made several contributions to the literature. First, we built an integrated framework to shed light on the relationship between marketing mix strategies, school image, and parents' loyalty. We demonstrated that different marketing tactics have a differential impact on school image. Second, the empirical results found that school image has a strong influence on parents' loyalty. The school image that we studied was formed by five different marketing tactics. We found that, of these, school-parent one-way or two-way communication has the strongest effect on enhancing positive school image, while place tactics has the least important effect. We conclude that promotion tactics through communication is possibly one of the most important platforms on which school image may be built. Third, this study could enrich the body of knowledge regarding parents' loyalty by providing empirical support for the effects of marketing mix strategies on school image and loyalty effectiveness.

In terms of implications for managers of educational institutions, identifying marketing tactics that foster parents' loyalty is of great importance. However, we found that, while image is very important in management terms, image has intangible aspects that are not easy to be duplicated by competitors and hence play a prominent role in attracting loyalties. Those schools that have a strong, distinctive image will be more successful in facing their competitors. In order to build a favorable image, it is essential to identify first the target students and then design and develop more suitable and effective marketing strategies so that the marketing efforts can be recognized by the students or parents; thus, the further enhancement of a positive image will lead to desirable outcomes. In short, schools that depend on word-of-mouth strategies to

recruit new students or on loyalty strategies to retain existing students should carefully analyze, plan, and implement effective marketing programs because some marketing tactics can be more effective than others. In an era when birth rate is decreasing dramatically, it is vitally important to develop not only a marketing plan but an effective marketing plan that assures the survival of the school.

Limitations and further research

Some limitations of this research should be mentioned. First, the sample was collected from parents who have children studying at elementary schools in Taiwan, the results of which are interesting, but which cannot be assumed to apply to other sectors of the education system, or to elementary schools in other countries. Therefore, further research should be conducted in another education system and in other countries in order to confirm the validity of the results. Second, further research should incorporate other key factors promoting school image besides the five used here. Third, parents' choice of an elementary school is influenced also by individual differences, so further research ought to consider family differences as moderators.

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Appendix. The questionnaire
Product mix

(1) There are sufficient facilities such as computer equipment, recreational equipment, books, etc.

(2) The school environment is safe.

(3) There are sufficient professional classrooms such as computer classrooms, music classrooms, science laboratory, etc.

(4) There is sufficient space for activities such as playground, activity center, etc.

People mix

(5) Teachers are qualified and have professional knowledge on what they teach.

(6) Teachers are enthusiastic about education and are devoted to it.

(7) Teachers are able to learn new knowledge from workshops or seminars to improve their teaching skills.

(8) Teachers can express themselves clearly.

(9) Teachers can adopt appropriate teaching techniques when teaching.

(10) Teachers are behaving properly.

(11) Teachers are energetic.

(12) Teachers genuinely care for their students.

Price mix

(13) The school provides free or partially free tuition to poor students.

(14) The school can offer students lunches at a competitive price.

(15) Parents know clearly the details and usages of paid fees.

(16) The tuition and miscellaneous fees of the school are reasonable.

(17) All the fees collected by the school are standard fees regulated by the government.

Place mix

(18) There is sufficient parking space for vehicles.

(19) The school plans routes for students who come to school, and there are guide people to assist them.

(20) The school plans areas for parents to pick up their children.

Promotion mix

(21) The school prints magazines or papers to report or convey its ideals.

(22) The latest news is broadcast by the school at any time.

(23) The school broadcasts the achievements of students after they participated in activities or competitions.

(24) The school holds a teaching demonstration day or PTA for parents to attend so as to achieve mutual communication with them.

(25) The school holds exhibitions or performances of students and invites parents or people living in the neighborhood to join.

(26) The school uses mass media such as newspapers or television, or holds activities such as graduation ceremonies or sports meets to let others know more about the school.

Parents' loyalty

(1) If I have a preschool child, I will continue to let him/ her attend the same school.

(2) When my child is entering an elementary school, this school will be my first choice.

(3) When my relatives or friends need information about school, I will voluntarily recommend this school.

(4) I will encourage my relatives or friends to let their children study in this school.

(5) When talking about school with my relatives or friends, I will praise this school voluntarily.

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