

Perceived service value and willingness to pay for Continuing Education



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Introduction



- Susan Geertshuis
 - CCE's Director, Auckland NZ
- Otto Krickl
 - research stay in NZ 2010
 - nearly 30 years experience in continuous education

Introduction



- Initial situation
 - most universities run continuing education services
 - decreasing financial support from government and university budgets
 - have to increase course fees to cover costs
- Aims
 - consider why students enrol (criteria for the decision)
 - willingness to pay (for price fixing)
 - differences between New Zealand and Austria
 - Generate information for strategic decisions for CE

Review of the literature



- customer perceived value
 - “Perceived value is the consumer’s overall assessment of the utility of a product /service based on perceptions of what is received and what is given.” (Zeithaml, 1988, p.14)
 - findings define customer value as a multidimensional construct that consists of several dimensions and interrelated attributes (Babin, Darden and Griffin, 1994; Holbrook 1994, 1999; Sheth et al., 1991)

Review of the literature



- customer perceived value (LeBlanc and Nguyen, 1999)
 - study of perceived service value of business degrees among college students
 - proposed a six-factor value structure for the construct of perceived service value:
 - **‘functional value’** (relating to degree utility with regard to gain future employment)
 - **‘epistemic value’** (relating to the institution’s capacity to offer educational services through the guidance and knowledge provided by the faculty)

Review of the literature



- proposed a six-factor value structure for the construct of perceived service value:
 - **‘image’** (relating to the reputation of the business school that is linked to the value of the students diploma)
 - **‘emotional value’** (defined as positive feelings students have towards their field of study)
 - **‘value relating to fair pricing’**
 - **‘social value’** (derives from group and social activities that add value to the learning experience)

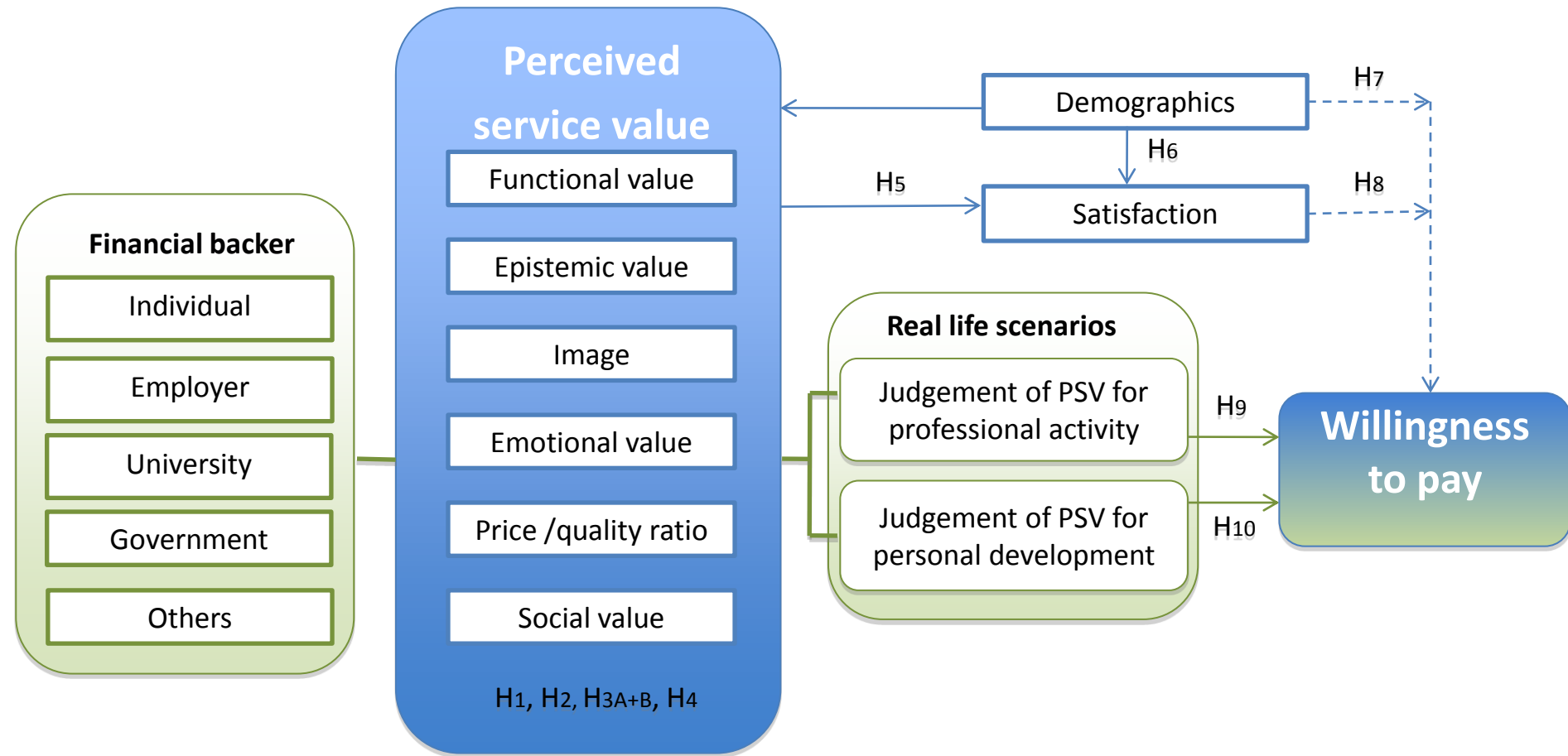


- Hence this work hypothesizes:
 - H1 Meaningful categories of values will be identifiable
 - H2 categories corresponding to the value dimensions of function, epistemology, image, emotion, price and social will be obtained
 - H3A The perceived service value dimensions are shared by customers in New Zealand and Austria
 - H3B: The item structure underlying the value dimensions is shared by customers in New Zealand and Austria
 - H4 The relevance of individual value dimensions varies across nations



- Hence this work hypothesizes:
 - H5 Values will positively predict satisfaction levels
 - H6 Demographic variables will determine satisfaction with age being positively associated with satisfaction
 - H7 Demographic characteristics will influence WTP with income being positively associated with WTP
 - H8 Satisfied customers will be willing to pay more
 - H9 The higher the perceived value of the course for professional activity, the higher the willingness to pay
 - H10 The higher the perceived value of the course for personal development, the higher the willingness to pay

Conceptual Framework



Methodology



- The present study was conducted at four institutions:
 - two in New Zealand (The University of Auckland and The University of Waikato)
 - two in Austria (Uni for Life Graz and University of Teacher Education Styria)



- Westendorp pricing method

Sample



- 661 students responded the questionnaire (response rate from between 5 and 10 percent at each study location)
- of the sample, 77 % were female and 23 % male students
- 378 (57%) studied in New Zealand and completed the survey in English
- 283(43%) attended classes at one of two locations in Austria and completed the survey in German
- The sample was highly educated with almost 70% having a University degree, and a range of age and income groups were represented.

Results



- A four factor solution with varimax rotation provided a satisfactory solution with clear interpretation (explained 56.27% of the variance)
 - **career value** (representing the utility of educational services to ensure and improve job performance, promotion prospects and payment)
 - **social value** (concerning the social side of attending courses and interpersonal exchange in learning environments)
 - **personal learning value** (capturing the subjective evaluation of an educational service offer to enable personal development as well as the ability to provide novelty)
 - **image value**

Results



- **Highlights**

- the New Zealand sample attending few courses
- being rather older (one third of the New Zealand sample were over the age of 60 while less than 1% of the Austrian sample fell into this age group)
- and more likely to pay for themselves (in Austria the employer or the University pays)
- on average working fewer hours (Nearly 25% of the New Zealand sample were not employed and a further 12% worked but for less than 15 hours a week (Austria only 4%))

Results



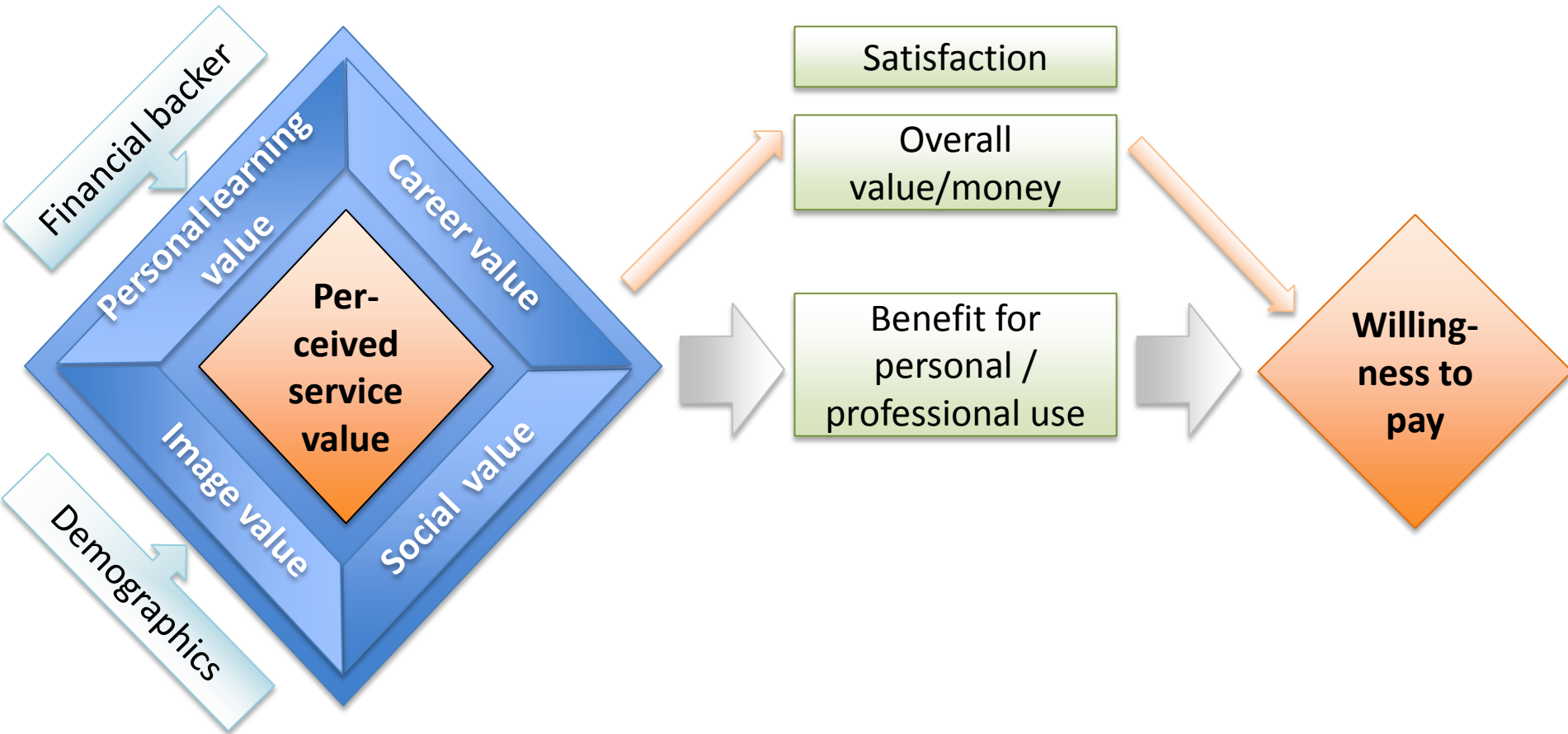
- **Highlights**

- In the New Zealand sample **image** appears to be the forceful **driver for overall value for money**, whereas in Austria **career value** has the strongest explanatory power
- New Zealand sample although judging **personal and professional benefit lower** than the Austrian sample, was **willing to pay significantly more** for the service

Results



Modified, revised model to examine perceived value in educational services



Hypotheses



Testing the hypotheses:

H1 Meaningful categories of values will be identifiable



H2 categories corresponding to the value dimensions of function, epistemology, image, emotion, price and social will be obtained



H3A The perceived service value dimensions are shared by customers in New Zealand and Austria



H3B: The item structure underlying the value dimensions is shared by customers in New Zealand and Austria



H4 The relevance of individual value dimensions varies across nations



Hypotheses



Testing the hypotheses:

H5 Values will positively predict satisfaction levels



H6 Demographic variables will determine satisfaction with age being positively associated with satisfaction



H7 Demographic characteristics will influence WTP with income being positively associated with WTP



H8 Satisfied customers will be willing to pay more



H9 The higher the perceived value of the course for professional activity, the higher the willingness to pay



H10 The higher the perceived value of the course for personal development, the higher the willingness to pay



Recommendations



- Changes to marketing approaches and value communication:
 - Design of courses
 - Austria: studying work related topics and attending professional development workshops
 - New Zealand: predominantly older adults learning in their leisure and for pleasure
- Implementation (UNI for Life)
 - Master courses for Change Management and Human Resource Management (3 semesters part-time, fee < € 10.000,--)
 - both run successfully



Questions

Now this is not the end.

It is not even the beginning of the end.

But it is, perhaps, the end of the beginning.

Winston Churchill