

A process for building successful customer relationships with international education agents – An Australian universities perspective

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Abstract

The aim of this paper is to explore customer relationship management particular to the business setting between Australian universities and international education agents. In a socially and culturally diverse setting, universities require effective tools to manage and enhance performance of the education agents whom they engage to recruit international students. No previous studies have examined the stages of relationship marketing development and recruitment performance enhancement between universities and education agents in the international education industry. A case study approach was adopted for this exploratory study, using multiple embedded units of analysis. In-depth, interviews were conducted with 31 industry experts from eight universities and 16 education agents to examine both sides of the relational dyad. Data were analysed using both manual qualitative data analysis techniques and Nvivo. The findings suggest that there is a seven step process flow to build an effective customer relationship with international education agents.

Summary statement of contribution

This study provides an empirically based model of a process from which universities can develop and manage their relationships with their education agents. This research provides several extensions to existing relationship development models (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Wilson 1995), through adding two new stages and 2 additional phases to the cumulative model previously presented by these authors. The seven step process model presented from the findings of this research fills research gaps within existing literature on customer relationship management that focuses extensively on business-to-customer relationships and demonstrates that these existing process models are therefore incomplete when applied to a principal and agent setting. Moreover, the model provides a practical, step-by-step approach for marketing managers to follow with an aim to developing and managing

relationships with distribution channel intermediaries in a professional service industry.

Keywords: Relationship marketing, education agents, international education marketing, stages of relationship development, process flow, case study analysis

Introduction

This paper concentrates on the process and methodology for building successful customer relationships between universities and education agents. The international higher education industry is characterised by a highly culturally diverse environment whereby it is estimated that there are over 10,000 education agents from over 100 countries operating around the world who form an integral distribution channel through which educational institutes can recruit students (Jobson 2005; ICEF 2010).

The role of education agents is to provide students with an array of advice about studying outside of their home country and in return receive a commission from the institution for enrolling students. The industry has demonstrated effort in focusing on the social and relational aspects in order to build relationships, and is relatively unsophisticated in the information systems utilised. Further, institutions and education agents operate in a highly bureaucratic environment which is bound by substantial legislation (Gillard 2009) which stipulates a variety of contractual and relational obligations for education providers with possible sanctions when institutions do not adhere to the National Code, established under the Education Services for Overseas Students (ESOS) Act 2000 (DEEWR 2009). There has been significant debate over the use of education agents which has been highly publicised and the current Australian government has advised “education providers to pay particular attention to the education agents they select to represent them” and ensure they “are able to manage their relationship with their agents in a way that helps to enhance their own international reputation, as well as that of Australian education generally” (DEEWR 2009 p.2).

Together, these challenges result in a highly structured process of relationship management.

Through an exploratory research design using case study analysis, this paper provides a model of the stages of relationship development and relationship management that were found to be prevalent within the Australian university sector. This model is an extension to a cumulative model developed by (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Wilson 1995). Initially, this paper provides a brief review of extant literature that focuses on the process of relationship development. A brief overview of the research methodology and the main findings from the case studies pertaining to the stages of relationship development is then presented. Finally, a new model of relationship management for the international education industry is presented and discussed. This model contributes to current understanding of the relationship marketing processes between principal and education agent by further extending existing models of the stages of relationship development (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Wilson 1995), while providing insight into the social, technical and cultural environment in which the international education industry operates.

Relationship marketing contexts

The term relationship marketing was first alluded to by Thomas (1976), and first specifically used by Berry (1983 see also Zeithaml, Parasuraman and Berry 1985; Turnbull and Wilson 1989; Gronroos 1990; Lilien, Kotler and Moorthy 1992; Morgan and Hunt 1994; Berry 1995; Sheth and Parvatiyar 1995) and has been regarded as a fundamental element for business success (Biggemann and Buttle 2005). An understanding of effective business relationships has benefited from the early

conceptual work of Dwyer et al. (1987) who identified a set of factors that characterised business relationships. Since then, a large number of empirical and conceptual papers have examined the concepts of building relationships in a business environment (Gupta 1983; Dwyer, Schurr and Oh 1987; Juttner and Wehrli 1994; Dion, Easterling and Miller 1995; Conway 1996; Holm, Eriksson and Johanson 1996; Ali and Birley 1998; Lin 1998; Selnes 1998; McQuiston 2001; Shi, Shi, Chan and Wang 2009).

Relationship marketing literature provides analysis of various aspects of relationships. Areas of analysis have included: the identification of factors of central importance to describe effective relationships (Anderson, Lodish and Weitz 1987; Dwyer, Schurr and Oh 1987; Anderson and Weitz 1990; Berry and Parasuraman 1991; Moorman, Gerald and Rohit 1992; Morgan and Hunt 1994; Wilson 1995; Conway and Swift 2000); discussions of how relationships are achieved (Berry and Parasuraman 1991; Berry 1995; Morgan 2000; Lin, Weng and Hsieh 2003; Palmatier, Gopalakrishna and Houston 2006; Chiu, Lee, Hsieh and Chen 2007; Lacey 2007; Liang and Chen 2009); analysis of the benefits or outcomes of relationships (Bagozzi 1975; Anderson, Jain and Chintagunta 1993; Wilson and Jantrania 1996; Gwinner, Gremler and Bitner 1998; Ford and McDowell 1999; Sweeney and Webb 2002; Biggemann and Buttle 2005); and the stages of relationship development (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Heide 1994; Wilson 1995; Blois and Grönroos 2000; Hemphill 2010). However, prominent authors in the field of relationship marketing have stressed the importance that research in this area needs to be industry-specific (e.g. Yorke 1990; Buttle 1996; Clancy 1997). Further, in order to advance theory building, research is needed to examine “different exchange characteristics and exchange contexts [which] require different types of relationship marketing” (Moller and Halinen 2000 p.48).

Considering these perspectives, and specifically in relation to this study, to date there has been limited empirical relationship marketing research of service industries, especially research of a business setting where an independent agent forms the other side of the dyad. Further, previous research has predominately been undertaken in the context of end customers rather than considering the relationships between distribution channel intermediaries within a business-to-business relationship. It has been stated (Hemphill 2010) that further empirical backing is required to validate the outcomes from previous findings to discover if such outcomes are relevant to professional service industries. To date, no academic research has been conducted regarding relationships between universities and education agents and there has been only limited research conducted that examines the independent agency relationships of professional services (Hemphill 2010) in general. Given that variations in relationships occur in contextual settings (Karantinou and Hogg 2001) it is particularly important to provide new perspectives on the ways in which effective relationships are achieved between universities and education agents.

Relationship development and management in principal and independent agent relationships

There have been several models put forward to explain the stages of relationship development, including a combination model first put forward by Scanzoni (1979) and then further developed by Levitt (1981), Dwyer et al. (1987) and added to by Wilson (1995) whose cumulative work has produced a six stage model of relationship development. Firstly, Scanzoni (1979) suggested three stages of involvement in the relationship process as:

- (1) exploration;

- (2) expansion; and
- (3) commitment.

Scanzoni (1979; Wetzels, de Ruyter. and van Birgelen. 1998 ; Cookson 2001) suggested that exploration constituted the first stages of contact between the parties where there was mutual recognition and learning to determine the likelihood the other party can provide the resources necessary to form a mutually beneficial relationship. In the expansion stage, the partners further develop joint programs and the relationship is extended through continued communication and exchange. Finally, at the commitment stage, the parties develop the relationship over the longer term through repeated exchanges and continuing joint programs. This initial understanding of the relationship development process was then added to by Levitt (1981) and Dwyer et al. (1987) producing the following five stages in the development of a relationship:

- (1) awareness;
- (2) exploration;
- (3) expansion;
- (4) commitment; and
- (5) dissolution.

The Levitt (1981) and Dwyer et al. (1987) extensions suggested a further stage of awareness which constitutes recognition that an entity is a potentially suitable exchange partner and the dissolution stage that is characterised by the potentially challenging process of disengagement or withdrawal from the exchange relationship. This model was then further extended by Wilson (1995) who added a pre-phase of search and selection where organisations actively seek appropriate partners. Wilson's (1995) model argued that factors that influence a relationship vary depending on the

stage of the relationship development. This model started at the search and selection phase and stated that in this phase, the buyer may already be purchasing from the seller and consequently the seller decides to form a deeper relationship to accomplish particular goals.

While some elements of these and other models (such as the Heide (1994) model that also developed a set of standard relationship processes, which included relationship initiation, maintenance, and termination processes) may be applicable to a principal and independent agent relationship, the majority of studies regarding relationship development examine the buyer–seller perspectives and there are certain elements of such relationship development which are not relevant. For example, in a study by Blois and Gronroos (2000) the construct “fun to own,” was found through their investigation of customer relationship life cycles. However, this construct is not relevant to independent agents as they are providing an intermediary service in the distribution channel rather than taking ownership of a good.

Empirical research into relationships that involve an independent agent are limited and it has been noted that much needs to be done to empirically examine how agency agreements are formed to allow for greater efficiency in managing the process (Bergen, Dutta and Walker 1992). One study that demonstrated the lack of empirical research into agency relationship formation is a recent study that used structural equation modelling to examine agency relationship formation in two services industries; real estate agents and employment agencies (Hemphill 2010). This study found that the limited literature on the topic of agency relationship development is polarised around remedial and or operational aspects of agency structures, without practical analysis provided on the point of agency relationship formation. The findings suggested that

there is an absence of any substantial, agency specific, relationship development and management knowledge, prompting a need for further research into this field.

With a lack of a relationship development and management model specifically applicable to independent agency relationship formation and maintenance, the current study examined composite models developed in other contexts to investigate if further extensions can be made; specifically when viewed from a principal and agent perspective in the setting of the relationship between universities and education agents. As a result of this research, limitations were found in the previous models developed by Scanzoni (1979), Levitt (1981), Dwyer et al. (1987) and Wilson (1995) on the stages of relationship development, in that they do not appear to cover every aspect of the process relevant and specific to university and education agent relationships. This study found several extensions to the models, creating a new seven stage process model. From the perspective of universities and education agent relationships, the process required the addition of two stages and two phases including a pre-relationship, organisational examination stage, a specific review stage, a renewal phase and a potential relationship reinvigoration phase. This created a unique model of the stages of relationship development and management for this particular industry.

Previous models did not specify a specific review or renewal phase of the relationship and these phases tended to be morphed into the expansion, commitment and dissolution phases rather than being a specific phase of its own, giving the impression of an on-going analysis of the other party rather than a set period of review. For example Scanzoni (1979) discusses the continual process of review and subsequent renewal of business in a process whereby the relationship evolves from one of probing and testing each other to one whereby there is continual enlargement of the rewards partners supply one another. In the commitment phase Dwyer et al. (1987) describes a relationship in

which parties discern the benefits and anticipate continued effective exchange. Wilson's (1995) extension of this model with a dissolution phase discussed how the dissolution phase begins with a one party privately evaluates dissatisfaction of the relationship. This varies from the relationship between universities and education agents in which there are a specific time, typically annually, when each contracted education agents is reviewed and a decision is made whether to renew or cancel the subsequent contract.

Research method overview

A case study research design was adopted to gain a rich and in-depth understanding of the interrelationship between universities and education agents, focusing on the perspective of universities and validating the data with the other side of the dyad. Case study analysis was deemed the most appropriate research method for this research topic for a number of reasons including, as justified by Yin (2003), that it is exploratory research, where there was not enough information available on the research subject; that the study is of realism, about a contemporary topic; it is a study asking what and why questions, that seeks to describe a real world phenomena; it is a study situation where the author has little control over events and is the study of relationships in a set business context.

A multi-case, embedded research design (Yin 2003) was selected. Multiple case design refers to conducting several case studies and the embedded multiple case design contains a number of embedded cases that each embedded case includes multiple units of analysis. It can provide robust and rigorous grounds for triangulation of data at the data analysis stage (Eisenhardt, 1989; Yin 2003). In this study, the multi-embedded cases consist of 31 university staff members from eight university international

marketing departments and from the other side of the dyad sixteen education agents based within and outside Australia were interviewed to gain perspectives from both sides of the relationship. Pilot studies were conducted with one university and one education agent, then additional interviews were conducted until data saturation was met (Eisenhardt 1989). Each case study was investigated and analysed on an individual basis, then case results were combined and analysed using cross case analysis.

Data was analysed both manually and digitally using Nvivo and following Miles and Huberman's (2002) and Yin's (2003) techniques for qualitative and case study data analysis. Data was rigorously examined and quality of the research was ensured through undertaking various tests for external reliability, external validity, dependability, auditability and construct validity.

Sampling units

Interviews were conducted with a total of 31 marketing staff from eight universities, who were chosen by purposeful sampling, based on the percentage of international students the institution recruited and the willingness and availability of the institution to participate and the informants for this research were key university staff from Australian universities who are heavily involved in the recruitment of international student and work directly with education agents to facilitate student recruitment through this marketing channel. The university staff were selected from a variety of universities across the Australian sector representing different styles of university operations, for example "sandstones" (considered to be the most exclusive public universities in the Australian industry offering more traditional learning and teaching practices), "regionals" (regionally or remotely based universities that utilise a number of innovative modes of learning and teaching), and "international campuses" (campuses of

universities that are set up specifically for international student recruitment and service). Additional universities were selected and interviewed until no new information was emerging and data saturation was met (Eisenhardt 1989).

In addition to these key university staff, and to examine the other side of the dyad, a selection of their contracted education agents located in key source countries of international students to Australia based on international student data (Department of Education and Training International 2011) was also carried out. Preliminary, one-on-one interviews were conducted with education agents to gain a setting of opinions from this side of the dyad. A second round of additional education agents were interviewed, post data analysis of interviews with universities, to assist in the validation of findings and again to gain further opinions of the other side of the dyad.

As suggested by Yin (2003), each case was carefully selected due to their knowledge and direct vocational experience and involvement in working with either side of the dyad and their selection followed replication rather than sampling logic. Therefore, results of the research provide both similar (literal replication) and some contrasting results (theoretical replication). Other secondary sources of evidence were also found through education agent and university websites, university annual reports, government reports, conference proceedings, media reports, extant literature, Australian Vice Chancellors Committee (AVCC) benchmarking data and International Development Program (IDP) reports.

Data analysis methods

During the data analysis phase, various techniques were used to ensure internal validity. Methods included; pattern matching, explanation building, addressing rival explanations, and use of logic models to extract and express the data collected (Huberman and Miles 2002; Sobh and Perry 2006; Merriam 2009). Pattern matching

(Huberman and Miles 2002) was one of the major techniques used to analyse the data. Data was broken down into discrete parts and micro-analysed, compared for similarities and differences and questions asked about the phenomena as reflected in the data.

Categories were then discovered in the data. The researcher worked with the data and coded intensively around single categories, in doing so building up a dense texture of relationships around categories being focused on and looked for patterns in happenings and began to answer questions of why and how, about the phenomenon under scrutiny. This was done for each case separately, then cross case and cross dyad analysis was utilised to look for similarities and differences between cases and the dyad, with patterns coinciding strengthening the internal validity of the case study (Huberman and Miles 2002). Close attention was paid to ensure that rival explanations and possibilities were considered and evidence was convergent and complete (Yin 2003).

A range of replication logic processes was used (Huberman and Miles 2002; Merriam 2009) to improve validity, reliability and quality of the research including; triangulation and member checking. Triangulation, through multiple sources of evidence was utilised in this research to help deal with potential problems of construct validity, by providing multiple measurements of the same phenomenon. Multiple sources of evidence were used in this research, with the main source of evidence coming from interviews and documents. Interviews with university staff and validated by education agents were the primary source of data collection. It was believed that interviews with these key informants would provide the richest data source, given that they exemplify the real-life phenomenon. This group of respondents work directly in the industry and have first-hand knowledge about the research problems being posed.

To further ensure validity and reliability of the data, the researcher engaged in data collection till data became saturated (the qualitative isomorph), checking for

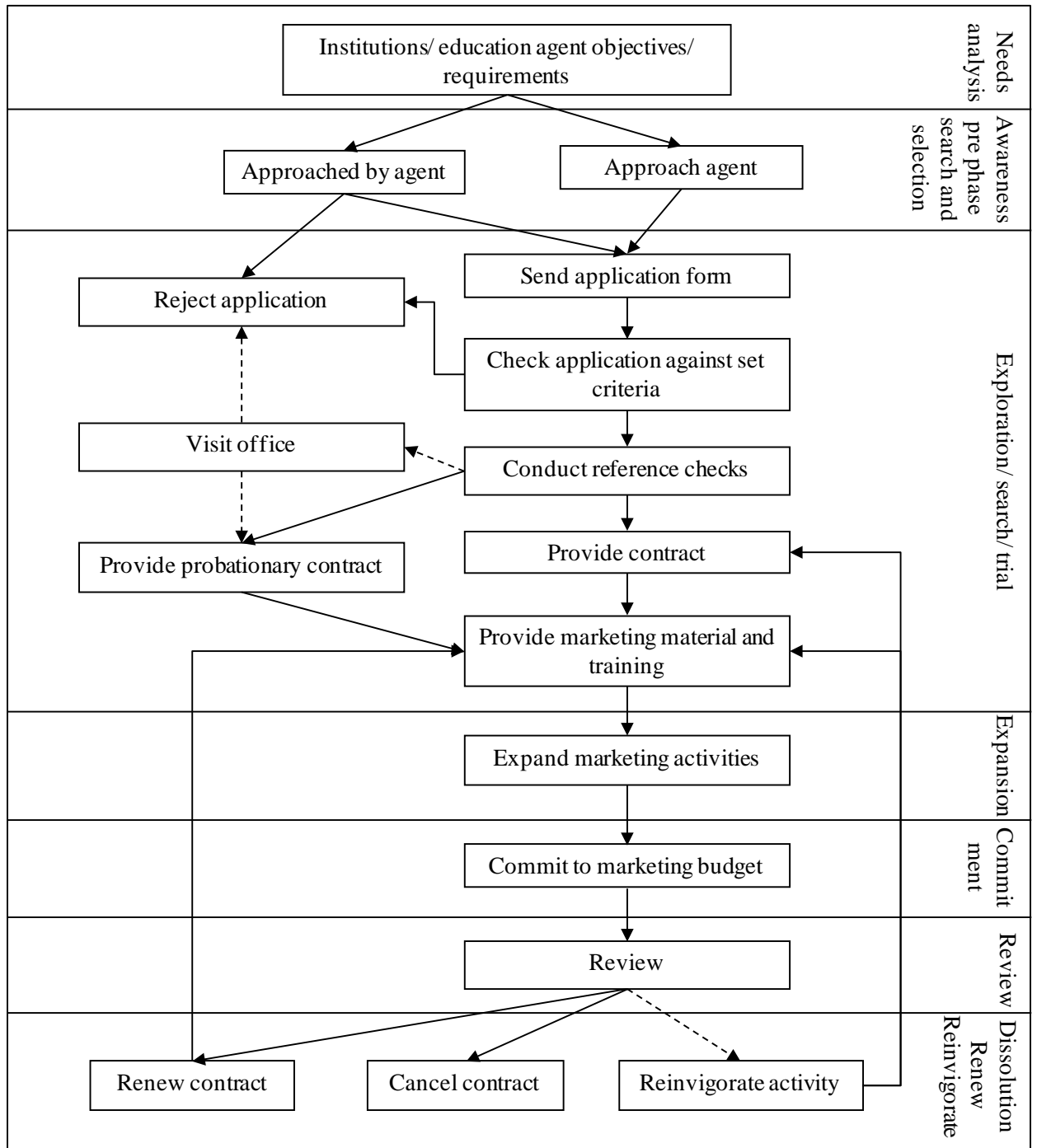
researcher bias, peer examination through discussion and presentation of findings at industry conferences (O'Connell, Clayton and Wong 2009) and discussion with industry experts. Procedures were detailed and carried out so that they could be replicated. Rich, thick descriptions and maximum variation and diversity of responses were sought though a diverse sample selection including nationality of education agents and differing university types of operations (Huberman and Miles 2002; Merriam 2009).

Case study analysis and interpretation

Based on case study analysis, the findings demonstrate a seven-stage model. These stages are diagrammatically represented in Figure 1. The italics texts are new findings that have not been identified by the existing literature.

- (1) *Needs analysis phase*
- (2) Awareness/pre-phase search and selection
- (3) Exploration/ search and trial
- (4) Expansion
- (5) Commitment
- (6) *Review*
- (7) Dissolution or *renew* or *reinvigorate*

Figure 1. Process flow of contracting and managing education agents – empirical findings from this study



Notes: A broken line indicates possible actions that could be undertaken, but were not necessarily always completed

As demonstrated by the figure, the findings showed that the relationship development process for universities and education agents in Australia included the addition of a pre-phase where an internal analysis of the needs and objectives of the organisation are first examined. The model was also extended through adding a specific review stage, where universities specifically reviewed the performance, relationship and standard of each of their contracted agents, typically on an annual basis. Two additional elements were also added to the final stage through the addition renewal and reinvigoration phases. In the renew phase contracts were again extended for a specific period. Should it be decided that the contract was not to be renewed then the dissolution process was implemented. In addition a reinvigoration phase was added to the end of the relationship development process flow, where relationships that had remained dormant for some time could be actively pursued to reinvigorate the relationship. In instances where the process flow follows a broken line (for example between the stages of conducting reference checks and visiting the office of the agent) this indicates possible actions that could be undertaken, but were not necessarily always completed. An explanation of each phase will now be provided with examples from respondents interviewed and details of the two additional extensions to the existing models.

Step 1: Needs Analysis

Building on and extending the models developed through examination of the extant literature (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Heide 1994; Wilson 1995), in this step of the process, participants advised that prior to seeking to develop relationships with education agents, it is essential that the university conducts its own needs analysis. This analysis should determine such things as: from which

countries do they wish to concentrate or develop student recruitment; how many agents can they successfully manage from each market; what is their available budget to visit, train and service each education agent; what cultural mix of students are they aiming to recruit; are there countries or regions from which their degrees will be in demand; and what internal human resources do they have available to service agents. For example, as noted by the following university participants:

A: 'Before looking at contracting new agents, the university looks at various things such as what cohort of students would suit programs they offer, what is the current cultural mix, statistics of the number of students currently coming to Australia to study from those countries and what staff we have available to service these agents.'

B: 'Before seeking to engage with agents our university conducts an analysis on an annual basis of where we are going, where we see student recruitment coming from, which of our programs are in demand and which nationalities are interested in these programs. Once these objectives have been set and we have analysed our internal resources and staff capabilities we go about a process of prospecting agents who may be able to assist in reaching these objectives.'

As demonstrated by these participants, prior to engaging with education agents, universities showed signs of conducting an internal needs analysis and an external environmental analysis, looking at internal strengths and weaknesses and external opportunities and threats.

Further, the international education industry in Australia operates in a strict legislative environment under the National Code of Conduct and the Education Services for Overseas Students (ESOS) Act 2001 (Australian Education International 2011). Under this legislation, universities are responsible for the actions of education agents.

Universities are therefore conscious that they need to engage education agents who are going to represent them professionally and ensure that they are able to provide education agents with the time and training they need to be able to represent the university appropriately. As education agents are located in over 100 countries around the world (IIE 2007) the university needs to ensure they have the required human and financial resources to dedicate to each education agent they contract. Through a systematic needs analysis, universities are able to determine with whom they will develop relationships and what, where and how they are able to control to manage these relationships. The university then needs to see if they have the appropriate human resources to pursue these particular markets, what cultural and social considerations need to be taken into account to pursue these markets and whether their current staff are appropriate to undertake the task of relationship marketing and management with agents from these regions or if new staff need to be employed.

Step 2: Awareness/ Pre-phase search and selection

Once the university's objectives are set, the university can proactively seek education agents with whom they wish to work or investigate proposals forwarded from prospective agents. The findings from this research demonstrated that this step in the process combined the awareness phase as identified by Levitt (1981) and Dwyer et al. (1987) with the pre-phase search and selection process identified by Wilson (1995). This can be done by doing an analysis of their competitor's websites, to see who they are working with or through seeking information about reliable agents from Government bodies such as AEI (Australian Education International), the High Commission or by asking fellow colleagues. Universities offered the following insights into this stage of the relationship development process:

C: 'If it was a new agent, and we had a look at it, but we saw that none of the big names [the 'sandstones'] were working with them, we would probably say thanks, but no thanks.'

D: 'These days institutions list who they work with, so it is any easy way to see who is working with who and who we could potentially contact to form a relationship with.'

In this phase universities form relationships or seek to have relationships with education agents who are reputable potentially using their competitors as a testimonial for the quality of the agent. Universities check which education agents their competitors are working with and use this as a source for finding appropriate agents to engage in a relationship. Another university stated that agents actively seek recommendations from other universities.

C: 'I am drawing on my European experience, the way an agent starts in Europe is that someone has recommended you, so the people that do all the marketing and recruitment in Europe are quite close because you travel the circuit together all the time. So it might be that an agent in the UK contacts a university they work with in Australia and asks them to recommend a university in New South Wales, so generally that is how it happens.'

The above comment demonstrates that it is not only the universities who actively pursue particular education agents, but that agents are aware of this indirect testimonial process and also actively undertake investigation as to with which universities they perceive it would be appropriate to form a relationship.

Step 3: Exploration/ Search and Trial

In line with Scanzoni's (1979) original concept, the exploration, search and trial step of the process constituted the initial contact between universities and education agents. During this phase respondents stated that due diligence was performed, where agents were accessed and a vetting process was undertaken. Some universities had a standard check list with criteria that agents had to meet, such as numbers of students they recruit per year, what their promotion material was like, and the professional nature of the agency. As indicated in Figure 1, in some instances universities would take an additional step and visit the agent's premises to gauge how they ran their business.

B: 'Agents seek us out and we decide whether we are going to have a relationship with them and usually there is a kind of a process where they have to provide us with some information and some references and some things like that, and after that we individually (depending on what region we look after) look after them and that means providing all the support that they require in terms of training, making sure they understand our courses, making sure they are provided with the relevant brochures and visiting them as regularly as possible and this obviously varies from agency to agency.'

Some agents were put on an annual contract; others were put on a probationary contract which was reviewed after six months, with specific targets that agents would be required to meet.

E: 'If we do sign up a new agent it would generally be for six months on a short term contract, which is pretty much the same, but it has an end date and that is it, then we choose whether to renegotiate from there e.g. 12 months or longer.'

Another respondent stated the importance of initially vetting agents to ensure that problems are not experienced later.

F: 'The strong force is that you have selected them properly and you don't have to end up threatening them with termination later'.

The vetting process of potential education agents is performed with due diligence. Universities do not want to be in a position to be working with an education agent who is acting unlawfully, unethically or reflecting either their university or, indeed, the country in a bad light. Further, as indicated by response F above, universities alluded to the significant challenges of either managing difficult relationships or potentially dissolving the relationship in unsatisfactory situations. As a result, the vetting process to determine if a university should engage with a particular education agent has become quite bureaucratic with formalised, step-by-step procedures to ensure the university has as much information about the prospective agent as possible before issuing a contract and recruiting students.

Step 4: Expansion

Reflecting the previously defined concept of expansion (Scanzoni 1979) during this phase, the universities advised that they attempted to build the relationship by being in regular contact with the agent. University staff developed deeper relationships with agents through: participating in agent events, conducting joint marketing activities, and conducting more regular training. During this phase various relationship marketing techniques were utilised by the universities to develop the relationship. Techniques implemented by universities included: engaging through regular contact and communication; and providing efficient services to agents. It is at this stage where the relationship phase truly commences and where social, cultural and technical aspects

need to be taken into consideration and addressed. As another participant noted:

G: 'It is all about trust and confidence. My market really values this, knowing the person and knowing they can get an answer when they need it. Other people who just walk in won't have much success till they build a relationship up'.

H: To build a relationship we are in regular contact, doing things with them, participating in their events, making them feel they are of value.'

During this phase a key staff member was typically assigned to a particular agent. In many cases agents were grouped into a particular region and a staff member who had particular expertise in the social and cultural business aspects of that region was assigned to manage and develop those relationships. The information systems used by the majority of universities interviewed were fairly basic and efforts appeared to be concentrated on being in the field forging and building relationships rather than having technically advanced customer relationship management systems to manage and record actions.

Step 5: Commitment

During the commitment phase, universities stated that they started to create annual joint marketing plans, provide familiarisation visits for top performing or promising agents, and provide marketing budgets to agents to conduct recruitment activities. Reflecting the commitment stage as previously conceptualised in the extant literature (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Wilson 1995), the universities developed stronger relationships over longer terms through developing joint programs and continuing to enter into exchange contracts. This was an important phase where various relationship marketing techniques were utilised with the aim of building the relationship and increasing student recruitment through particular education agents.

G: 'As a motivational strategy, we sponsor agents to come to Australia on a familiarisation tour – this works very well.'

J: 'It basically it got to the point where whatever they need, whatever support they need for their activities, we give it, no questions asked, but if we need anything from them they will provide it, no questions asked. We have built up and managed a very good relationship between us and their partner institutions as well. Basically it is a steady flow of students. It is that sort of a strong relationship.'

Another university mentioned preferential treatment of commission incentives for their primary and higher producing agent.

K: 'We provide more preferential treatment that really benefits them, we try and use it as a bit of a marketing tool and kind of remind them, for example, you have almost reached 10 students. So commission varies depending on being a primary or secondary agent.'

In this phase the universities appeared to have forged strong relationships with particular education agents and were implementing specific relationship marketing strategies to build and maintain these relationships for greater business success.

Step 6: Review

Universities typically reviewed agents on an annual basis. However, some of the universities conducted reviews each term, bi-annually, or every two years. During the review period the university would assess what they had provided the agent with and what were the outcomes. In some instances universities were satisfied if the agent only recruited a small number of students, but the students were of an excellent calibre, or where the students were recruited into specific programs for which they wanted to

increase numbers, or simply where the agents were perceived as providing good service.

As noted by one participant:

D: 'Some agents are really good little operators, who give you a small amount of really good students, so numbers are irrelevant.'

Another point that universities noted as being particularly important was the conversion rate of applications to enrolments. Universities did not want to waste valuable resources responding to applications that did not convert into enrolments. One respondent kept contracting an agent who did not recruit very many students, but was an excellent source of market intelligence.

G: 'There are different measures of productivity include number of applications, number of conversions, market intelligence they provide, introductions they are able to give. I have some agents who only recruit a few students, but I keep them on as they are an excellent source of market intelligence.'

Another university had set review processes in place through conducting an annual survey.

C: 'We also do a survey for all of our agents and they basically let us know what is working well and what is not working well. We do this once a year at the end of the year. We wait till all the results come in for the year including our third semester. From that we send out the agent survey and performance their review.'

During this phase of the relationships the universities tracked how relationships with each particular agency was progressing and depending on how they felt relationships were embedded or succeeding they made decisions regarding the future strategy to pursue with that particular agent. Universities stated they used various technologies to determine business success including conversion statistics. However, in

addition to actual recruitment statistics, how each agent had performed other aspects of the relationship were also taken into account such as the depth of the relationship and other value that was obtained through having the relationship as demonstrated by the previous example.

Universities tended to undertake this review process on an annual basis, when contracts were up for renewal. As this process was a set annual procedure it was felt that the existing model (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Wilson 1995), needed to be amended to demonstrate this specific process.

Step 7: Dissolution, renew or reinvigoration

In contrast to previous studies (Scanzoni 1979; Levitt 1981; Dwyer, Schurr and Oh 1987; Wilson 1995), the final stage of the process resulting from the findings of this research consisted of three choices that universities could make: to dissolve or cancel the contract, or to renew the contract, or to reinvigorate the relationship.

Dissolution or cancellation of the contract

In some instances if the agent was not performing, their contract was cancelled. This was typically done with some consultation to allow the agent time to perform. If agents had been found to be involved in unethical or unlawful dealings, agents were typically terminated immediately.

L: 'Generally agents are all monitored through our data base. We have a start date and a review date for the end date of their contract. If they are performing then no problems, go ahead with the renewal. If they are not performing we determine the factors or reasons. If they need to be terminated then we terminate them straight away. Say for example if they have not been performing over the last couple of years and you have given them a lot of notice then you need to be quite hard and say you

either do this or the contract will be cancelled. I think all the processes needs to be done before you can terminate. But that is how we manage the contract.'

G: 'Have a review of performance at the end of the year and then give them a 6 month probation at which time the contract could be cancelled.'

F: 'Depend on nature, if bad terminate straight away, but don't think we have ever had to do this. If just an error e.g. not following procedure they need increased training or increased contact so they know the procedure. It is difficult for agents; they are dealing with 40 institutions that do things differently. Mainly we take it up with an agent to ensure it doesn't happen again.'

Contract renewal

Agents who were performing well would have contracts renewed and perhaps targets set or joint marketing plans prepared. In this phase further strategies were developed based on the existing relationship with an agent.

H: 'We look at numbers annually and don't renew if they aren't producing. We work with the ones who are working for us.'

C: 'We assess our agents on an annual basis. If they are performing then we renew their contract'

Reinvigoration of the relationship

In some cases the university would decide to reinvigorate relationships with particular agents that, for example, they had not provided much attention to in the past, or perhaps where an agent that had previously performed well, but had dropped off since a particular staff member had left.

D: 'There is an agent who has been around for a long time in Singapore and only works with Victorian universities. She had a relationship with one of our marketing staff here for quite a few years and they were good friends. That staff member retired and a new marketer came in who only did minimal work and damaged that relationship. Last week I was coming through Singapore, I stopped over for the night and actually had dinner with her. So I am trying to rebuild that relationship.'

A: 'Some relationships seem to either plateau or reduce the numbers of students that they send. In our annual review we look at these agents and determine if we think such agents have potential. If we think it is worth the effort we see if the relationship can be revived through such thing as providing greater attention or implementing joint promotional strategies together.'

In this case the university had a staff member who, through cultural and social connections, had forged a strong and productive relationship with a particular agent based in Singapore. However, when this staff member left the university the subsequent employee was new to the industry, did not have an understanding of cultural intricacies of relationship management of other countries, did not socially get to know the particular agent, did not dedicate time and effort to build the relationship and as result the agent stopped recruiting students for that university. This demonstrates the importance of ensuring that social and cultural perspectives are thoroughly considered when undertaking cross cultural relationship management and marketing. It also demonstrates that once these social and cultural aspects can be acknowledged and catered for, that relationships between organisations can be renewed, providing the right person and required effort is implemented.

Summary of process flow

Overall, universities followed a similar process of contracting their agents with some variations shown in the management style, particular to each university. A process flow of the stages of relationship development and management is depicted in Figure 1. All education agents interviewed agreed with the process flow as typical of what occurs in the industry.

Some universities appeared to be better organised in how they managed their agents, with dedicated staff for particular country regions and computer monitoring systems that agents could log in and track their student applications. There was however, a general lack of sophisticated customer relationship management (CRM) information systems to assist in the management and monitoring of agents, with the majority of universities not having a CRM. Rather, many universities simply used excel spread sheets to record the agents contact details and addresses. Other particular details of the relationships were often kept only in memories of key university employees who managed that region. This demonstrates a significant risk point for universities as shown where a key staff member left the situation and the relationship broke down as a result.

Two universities had implemented CRM systems to track discussions, visitations, feedback, promotional material supplied, email correspondence and joint promotional activities. One respondent stated that these were useful in the instance of staff turnover as the new employee could backtrack through the history of particular relationships and be able to more easily forge or continue the relationship having records and a deeper understanding of previous dealings.

Process flow of contracting and managing education agents

The process flow of contracting and managing education agents presented in Figure 1 is a new process flow constructed from the results of this research, adding to the works of other models including those developed by Scanzoni (1979), Levitt (1981), Dwyer et al. (1987) and Wilson (1995) Heide (1994). Two extra stages and two extra phases have been added as a result of the findings of this research.

The two additional stages from the previous models include a “needs analysis phase” and a “review phase” and are important additions to previous models. In the needs analysis phase the university sets out their organisational objectives including such things as the number of agents they can manage, available budget, cultural cohorts they wish to pursue, human resources available, and the targeted number of international students they wish to recruit. This needs analysis provides the foundation and direction upon which student recruitment through agents can be pursued. The review phase is a set function that universities undertake towards the end of their contract with their agents, whereby they review the agent’s performance and decide their next course of action for that particular relationship.

The other two additional phases to this model occurs at the end of the process flow and looks at the option of renewing contracts or the possibility of reinvigorating the relationship. While other models (e.g. Wilson, 1995; Heide 1994) end in termination of the relationship, the relationship between universities and education agents undergo a definite evaluation phase where a decision is made to either renew or terminate the contract and relationship typically undertaken just before contracts with their education agents expire. In addition there are often possibilities of reinvigoration of a relationship even after it has terminated or perhaps where the service has slowed down. For example, when new staff are employed who may speak the language for the country

where the agent is located and are able to go back to the agency and re-establish a relationship or as in the case described above where a staff retired and the relationship was lost, only to be reinvigorated by a new manager. This process flow not only is a contribution to knowledge through extending current models, it also provides practitioners with a process flow that can be implemented to contract and manage education agents.

Managerial implications

There are considerable practical implications from the study. The study used case research to demonstrate the development of university and education agent relationships in a service industry, business-to-business context. Figure 1 provides a straightforward process flow to enable marketing managers to understand what is happening and use the model in a practical sense. The meaning of each step has been clearly explained so that marketing managers can understand them and use them to guide future customer relationship marketing activities. Of particular interest from the findings of this study, is that the process model suggests the need:

- (1) to take a long term view to develop a productive relationship with an agent;
- (2) to follow each step in order to build an effective relationship with an agent;
- (3) to start the process with a *needs analysis*; and
- (4) once a relationship is in place, alternatives to termination can be *contract renewal* or *relationship reinvigoration*.

In other words, the model renders marketing managers a practical tool, rooted in real university cases. Not only does the process model enable marketing managers to follow the steps to manage relationships with agents, but also fully understand the issues under each step.

Conclusion

In summary, a process model of building and managing customer relationships in the business-to-business context of a service industry has taken shape. Important to the development of the model are the seven steps of needs analysis, awareness or pre-phase search and selection, exploration, search and trial, expansion, commitment, review and then either dissolution, renewal or reinvigoration. Two steps and two phases are new: the first step needs analysis and the sixth step of a set review; and two additional phases of renew or the possibility of relationship reinvigoration as an addition to step seven. . This is a theoretical contribution to the customer relationship marketing literature. The addition of these elements to the existing literature provides a more comprehensive process model that can explain the nature of customer relationships within professional services industries and a practical guideline for marketing managers to follow.

At this stage the model has internal validity using the criteria of qualitative research. However, there are two limitations and opportunities for future research. The two main limitations to this research preventing generalisation to a broader context include firstly, that this research examines Australian based universities. The study does not investigate university behaviours in competing nations. Secondly, the study concentrates on recruitment of international students to universities. Interviews were not conducted in other educational sectors such as at English language schools, vocational education centres or at high schools and findings may not apply to these sectors. Further research could be undertaken in different countries and in different sectors to overcome these limitations. In addition the presented process flow of contracting and managing agents could be utilised to examine the process model in other service sectors to test its applicability in these alternative circumstances.

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