Higher education marketing: the United States experience

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Annotation

The article examines the essence and evolution of the theory and practice of marketing in higher education in the USA. It offers grounds for the necessity of the application of a marketing approach for conducting the effective educational activity of universities. The latest theoretic and practical developments in the sphere of the marketing of higher education in the USA have been singled out and the successful experience of leading American university institutions regarding the improvement of their own image has been analyzed. Modern challenges facing American higher education have been analyzed, as have the means of reaction to them within the educational marketing system.

Key words: the marketing of higher education, sponsored marketing, introductory management, Internet marketing, image university.

While marketing for higher education has been adopted in many countries over the past decade, higher education marketing is not a new practice at all. For instance, promotion, one component of marketing, has been around for millennia. Two thousand years ago the Greek sophists strolled in the marketplace, displaying their eloquence and skills of argumentation to attract students to them. In the late 1860s Iowa Agricultural College and Model Farm, the precursor of what is now Iowa State University, had to send out recruiters to explain the value of formal education in farming techniques to rural young people. In 1869 Harvard College placed an ad on the back cover of *Harper's Magazine*, producing amazement because such promotion by a college had never been heard of before.

Higher education marketing is about more than attracting students: American colleges and universities have also sought financial resources,

and students' tuition payments have rarely covered institutional needs. Colonial American colleges, including Harvard College, were usually church-supported institutions to prepare young men for the ministry. The Morrill Act of 1862 provided grants of federal government land to the states to be sold to create state colleges. State and other public colleges and universities had to appeal to legislatures for funding. Building relationships with the wealthy yielded major donations which continue to bear fruit. The Cooper Union in New York City has never charged tuition because the revenue from Peter Cooper's donation of land continues to generate adequate funds. Named buildings on university campuses attest to the largesse of donors past and present.

The distinction between promotion and marketing is that marketing is the broader term that encompasses segmenting the market and making choices about which students and others to serve, and then developing a marketing mix of programs, delivery systems, locations, promotional activities, and prices—in time, effort, and money—that will attract and meet their needs.

Reactions to Higher Education Marketing

Public reactions to higher education marketing focus almost entirely on enrollment marketing, the application of marketing tools to attract and enroll students. These tools include promotion (advertising and other communications, events, and other activities), pricing (usually in the form of financial aid packages), and the offer of attractive programs at convenient locations or through alternative delivery channels.

Some critics argue that the value of higher education is obvious and that marketing should be unnecessary. Yet there are very good colleges and universities that would not attract the number and diversity of students they can serve without an investment in marketing activities. Other colleges and universities are criticized for being unselective, admitting anyone who can pay, and then pandering to under-prepared, lazy students to retain them and their tuition payments, providing no real value in return. Alternatively, some critics complain that enrollment marketing is too sophisticated, seducing the naïve, unwary prospect with expensive viewbooks and hype. Some higher education promotion has been criticized as excessive and intrusive, with some good students receiving thousands of college mailings.

But as higher education enrollment marketing efforts have intensified, prospective students and their parents have become more sophisticated consumers of education. Prospects have greater choice of institutions, and can gather information more easily, and compare college communications with the opinions of others on-line with a mouse click. Prospects are getting professional help to craft applications, applying to more institutions, weighing more offers, and negotiating more forcefully for financial aid.

In contrast to enrollment marketing, successful donor marketing is lauded and donors are rightly admired for contributing to education. Recently, however, donor marketing has come under some criticism when it is too successful. The value of endowment funds at the most prestigious universities has risen to levels that attracted Congressional hearings in 2008, with institutions being pressured to spend more of their endowment income for student scholarships and other educational uses.

Critics may believe that marketing is unnecessary, and that the right types and number of students will naturally find their way to one of the United States' over 4,000 institutions of higher education. Marketing is the process of creating mutually satisfying exchanges with selected groups and individuals. Direct mail, web sites, advertising, and other promotional tools are components of marketing, but they are not marketing itself.

The best and most successful higher education marketing begins with a deep understanding of the college itself, its history and unique character, and the mission that it has pursued. A marketing approach will direct the university's representatives to consider the resources they want to attract—students, faculty, staff, donations, positive image, and favorable public opinion—and to examine what they can offer that will attract these resources. Which students would want to attend our university—and why? What do we offer them? Which professors are the best match with our university and its academic program? Where do we find them and what can we offer to attract and retain them? The university asks the same question about other resources, human and financial.

New Developments in Higher Education Marketing

Enrollment management

During the 1970s leading admissions professionals considered how to go beyond typical student recruitment and financial aid practices. At Boston College, Jack Maguire and Frank Campanella examined time-tested recruiting activities and admissions policies. They conceived an approach that linked identification of the

best prospects, coordinated communications and other recruitment activities, and financial aid awards to yield not only the desired number of entering students, but also the best entering class for the university. This approach they named 'enrollment management', a term that has become the dominant concept for modern enrollment marketing. At Northwestern University, William Ihlanfeldt described the admissions challenge as attracting optimal enrollment numbers in various programs and levels (including undergraduate and graduate), and achieving optimal tuition revenues. Ihlanfeldt viewed this as a marketing challenge that involved institutional analysis, planning, and decision making, as well as the correct mix of marketing tools and tactics.

Data-driven marketing decision making

Student recruitment had been viewed primarily as public relations and outreach. Admissions staff visited high schools year after year, promoted the university to prospects, parents, and high school counselors, mailed out brochures and application forms, and then waiting for the applications to arrive in the mail and selecting the best applications for admission. Fortunate colleges had natural constituencies that traditionally favored them—with Catholic high school graduates going on to Catholic colleges, for example, and high school graduates going to state colleges and universities in their own states. Demographic and geographic shifts disrupted traditional patterns, and universities needed to look more widely for new students. Universities that had achieved or aspired to greater stature wanted to attract better students, and this meant larger prospect and applicant pools.

Affordable computing, the diffusion of social science research methods, and greater knowledge of marketing research techniques attracted the attention of admissions professionals. Universities traditionally tracked recruiting numbers—numbers of inquiries, applications, accepted, and enrolled—on a year-by-year basis. By the early 1980s some colleges and universities were carrying out surveys and focus groups of current students, prospects, admitted students, and those who enrolled, to better understand what they were seeking in a college education and how the college stacked up against competing institutions. Admissions publications were put to the test. Messages were pretested, and direct mail campaigns were tracked to measure their effectiveness in reaching the right prospects and getting their attention.

Higher education development professionals carried out in-depth prospect research, drawing on multiple databases to create profiles of current and prospective donors, including demographics, giving potential, and much more. Research on institutional reputation gained impetus from publication of university ratings in *US News and World Report* and other magazines.

New technologies

Technological advances have opened new paths to reach prospective students. In the early 1970s the College Board, developer and administrator of the Scholastic Aptitude and Achievement Tests, began a new service called Student Search. The premise was that universities wanted current, accurate contact information for young people applying to university, and that students would benefit from learning about universities that would be interested in them and which matched their interests. Student Search drew on the College Board's huge database of test takers and sold to colleges and universities the names and addresses of prospects matching the college's preferred characteristics. Student participation was voluntary, and colleges used the purchased contact information to send postcards, letters, catalogs, and other print materials to elicit interest and possible applications. By the late 1980s students could use software from the College Board to search a database of colleges and universities using their own criteria, including state, type of community, majors offered, student body size, and others. Some colleges began providing videotaped «tours» for high schools to make available to students.

By the mid-1990s the Internet had revolutionized how colleges provided information to prospects and how prospects interacted with colleges. Campus tours went on-line, and websites became central features of enrollment marketing. Over the next decade a prospective student could do an internet-based search for college information, and find not only official information from institutions, but also blogs and other comments by current students. Communications between prospective students and colleges took the form of emails and even instant messaging. By 2008 some universities, including Notre Dame and Stanford, required that all applications be filed on-line. Notre Dame calculates that eliminating paper-based applications saves $20,000 annually that can be better spent on constant updates to their website, which in turn encourage potential students to return to the Notre Dame site more often.

Tuition pricing and financial aid

Most higher education institutions have limited funds for financial aid, which should be applied to enable the right number of the best prospects

to attend. Sound pricing decisions are essential for the long-term survival and success of the college, since every scholarship grant is, in effect, a discount off the tuition price. Sophisticated quantitative models are now widely employed to set individualized financial aid packages for each student, to provide the right mix of grant aid, loans, and part-time campus work to meet the student's expenses. Applying these models has enabled colleges to allocate their limited aid money efficiently while attracting the best applicants.

Wealthy institutions with immense endowments, including Harvard and Stanford, have recently taken a bold approach to tuition discounting, reducing to zero the cost of attending for students with family incomes under a stated threshold.

Longer-term perspective on development opportunities

Longer life spans, the maturing of the Baby Boom generation, and the financial success of many of them have reinforced the importance of alumni connections. No longer do colleges rely solely on the fortuitous super-rich alumnus. Instead they aim to develop and deepen connections over the lifetime, starting with the youngest alumni, and continuing with alumni events, travel programs, and reunions. Magazines, newsletters, websites, and alumni databases strengthen the ties that encourage alumni to recommend the college to prospects, to volunteer, and to donate.

To encourage donors to include bequests in their wills, colleges and universities have begun to organize special events that recognize the generosity of these donors while showcasing the college's programs, faculty, and students. Stanford University started the Founding Grant Society for this purpose and hosts an annual spring luncheon that includes two talks by outstanding faculty, and a performance by one of the many student musical groups.

Image-enhancing efforts.

American higher education is a big, complex enterprise. Most students can pick only one institution to attend for each degree level, and sorting through the vast offerings is difficult. Educational institutions realize that they need to differentiate themselves from other potential competitions by being distinctive in a relevant and meaningful way. In marketing parlance, each college aims to *position* itself in the minds of those whose opinions matter—prospects, the media, and the general public. The most memorable positioning strategy requires a lot of self-examination to identify the root values of the institution that historically set it apart, to see if these values are still important and also relevant to today's students and donors.

Everything about a university communicates about its *image*—its buildings and landscaping, the on-campus atmosphere, student dress and behavior, the performance of athletic teams, and more. But the foundation for a solid and attractive image consists of the academic and other programs offered, and the faculty who offer them. Clever communications have never replaced sound performance of the core academic mission. Not only do institutions aim to present themselves through their communications, offerings, and faculty, but also through the success of their students and alumni—grants received, career success, community involvement as volunteers, and other evidence that graduates carry out the values of the institution. Santa Clara University aims to encourage «the three C's»— competence, conscience, and compassion.

The goal is to make the institution's name a well-known and highly-regarded *brand*, one that represents something of substance in the mind of the viewer, listener, prospect, or potential donor. Trying to convey a unified identity that benefits each constituent of the institution is a real challenge. Some departments want to develop their own image and do not want to participate in the larger university branding effort.

The Next Big Challenge

The United States has been a strong importer of students from abroad—over half a million international students were enrolled in U.S. higher education institutions in 2004. Now the competition for students and donations is global, with U.S. enrollments growing very slowly while the United Kingdom, Germany, France, Japan and Australian foreign-student enrollments have grown must faster. Australian universities are attracting English-language learners from Southeast Asia, and American undergraduates are looking to more affordable Canadian universities. Foreign universities are creating American-style campuses and programs to appeal to students who want to study closer to home. Monterrey Institute of Technology, founded in 1943, now has over thirty campuses in Mexico, and over two dozen business incubators, and offers state-of-the-art facilities and programs to learners in Mexico and Central America.

American institutions have been expanding overseas for quite some time, via study-abroad centers, satellite campuses, and joint programs. A recent innovation is Education City in Doha, Qatar, which has attracted programs provided by

five U.S. universities to Qatari and other students, with luxurious facilities and all costs paid by the multi-million-dollar contracts with the Qatari government. American MBA programs now offer degree programs around the world.

Conclusion: What Presidents Should Know about Higher Education Marketing

American college and university presidents are the *de facto* chief marketers for their institutions. Acquaintance with a marketing perspective can add another dimension to their decision making, and an appreciation for its fundamentals can be invaluable.

Books, articles, and workshops for presidents can provide the knowledge foundation. Most important, presidents should seek out and hire the best applied marketing talent, experts who also understand academic culture and are in tune with the values of the college.

Where are the higher education marketers of the future going to come from? Some of the best are alumni of the institutions, which gives them a sense of connection and insight into why other people would care. But alumni status and institutional knowledge are not enough. Often the best candidates have experience at other institutions along with formal backgrounds in modern marketing tools and concepts.

Having hired the best, presidents should listen to them and give credence to their insights and judgments. The experts—in enrollment marketing, donor marketing, and marketing communications—can educate others in the institution and help keep the «big picture» in view.

Student and donor satisfaction are created in all the points of contact with the institution, with staff, faculty, and other students. David Packard, the co-founder of Hewlett Packard, stated: «Marketing is too important to be left to the marketing department.» The best institutions understand that marketing will be most effective when it is augmented by the combined efforts of all the members of the university community, with full support of the university's president.

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