

THINKING AT A HIGHER LEVEL

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Why read this?

The following paper highlights at a senior level some of the challenges currently facing Higher Education (HE) institutions together with thought leadership ideas and insights on how these issues can be tackled.

Serious Marketing Communications (SERIOUS) client work in this increasingly challenging and competitive sector has led it to conduct extensive research that we hope you find useful reading.

The recession has cast a shadow across every sector of UK industry, and Higher Education (HE) is no exception. In HE its effects have been both deep and widespread. Repercussions are being felt right across the sector from institution to institution with direct impact on the bottom line. The global nature of the recession has had - and will continue to have - a major effect on recruiting students and staff from the UK and abroad.

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PUBLIC EXPENDITURE UNDER INTENSE SCRUTINY

The recession is putting overall public expenditure under pressure. On 21 September 2009, the Confederation of British Industry said that students should pay higher tuition fees, causing a heated debate between business opinion formers, student and university groups.

- Institutions will need to increase further the priority given to performance management getting the optimum outcome educationally from the balance between income, resources and costs to demonstrate value for public and private investment.
- It remains very doubtful that employers would substantially increase their share of funding higher education, except for bespoke postgraduate programmes over the next 10 years in the absence of tax incentives for training and research.
- Individuals will therefore be expected to meet an increased share of the total higher education costs/fees. This will have a significant negative effect on the number of full-time undergraduates on which UK universities depend highly for their financial sustainability.

SERIOUS Recommendation

There is no doubt that universities will need to find greater funding outside the public sector. Diversified funding and strengthening links with the private sector will be vital for long-term growth. Some areas for consideration are:

Renewed focus on, and development of, Advancement Services. Forging commercial links with business and maximizing relationships through alumni networks.

Investigate private funding initiatives. This will become standard practice for academic institutions. There will be fierce competition in bids for funding from corporates in the future. (Currently SERIOUS is helping one London Borough put together a Private Public Partnership proposal and solicit funding from the private sector to create a national centre of excellence).

RECESSION HITS GRADUATE EMPLOYMENT

The current economic situation is impacting on graduate recruitment. There are fewer vacancies; the market has become extremely competitive; employers are targeting a smaller number of universities and becoming more selective. A degree alone is no longer enough; employers are now looking for a range of skills and experiences, gained from a variety of sources including university clubs and societies, work experience and voluntary work.

According to High Fliers, an independent market research company in the UK, graduate recruiters remained confident through the initial months of the financial crises, anticipating that they would increase their graduate intake by 11.8% in 2008. In fact, as the High Fliers report, The Graduate Market in 2009 makes clear, actual vacancies fell by 6.7% compared to 2007.

Key findings:

- The number of finalists in the Class of 2009 who have secured a job offer has dropped by one third, compared with 2008.
- Only 36 per cent of current final-year students believe that they will start a job or be looking for one, this summer.
- Students confidence is at an all-time low, with 52 per cent of university leavers describing their prospects as very limited.
- About 42 per cent of student job seekers fear that job offers may be cancelled by employers before they begin work; 48 per cent are worried that they will be made redundant in their first year.
- Graduates from the Class of 2009 expect to owe an average of £15,700; up by more than one third on the 2008 average of £11,600, largely thanks to the introduction of higher tuition fees in 2006 (*Recession brings new reality to final-year students, The Times, 29 April 2009*).

SERIOUS Recommendation

* It is imperative for UK universities to concentrate their efforts towards building direct and long-term links with the private corporate sector, creating a clearer development strategy enhancing the offerings and operations of their Career Services Departments so as to increase employer engagement with Higher Education while boosting graduate confidence. Even the most dynamic Career Services Department should be doing more. Proven results in graduate placement, particularly in these economic times, is a powerful proof point for recruiting students.

FIERCE COMPETITION FROM EMERGING MARKETS

HE institutions in the UK have been very successful in increasing overseas enrolments over the last twenty years but some of the advantages they enjoy such as the relatively short courses with high retention rates are now being challenged by the emergence of new, private and non-traditional providers.

There are three distinct segments in the international HE market:

1. International students coming to the UK to study
2. Partnerships between UK universities and overseas universities to offer UK HE qualifications overseas
3. Digital delivery of higher education through the online environment:

"Google is closer to the future of business education than business education is to the future of business education."

Don Sull, London Business School

Threats:

* EU HE market: The Bologna agreement, based on the recognition that UK universities would not be recognised globally until their qualifications were reformed, with its common suite of Bachelors and Masters qualifications, common quality assurance procedures and credit transfer, increases the competition faced by UK institutions in global market by other European countries.

* International HE market: The challenges from the recession that UK universities are currently facing take place at a time where international systems of higher education are developing and progressing rapidly. International competition, most notably from India and China (universities of Mumbai, Bangalore, Delhi, Beijing and Fudan University in Shanghai are just some examples), threatens the UK international reputation.

SERIOUS Recommendation

Although the UK continues to have a large number of universities in the top 100 internationally, the development of expanded higher education systems in those countries that have traditionally been a major source of international students for the UK makes it imperative for UK universities to develop a clearer strategy.

- Enhance long-term partnerships/collaborations with other global institutions further still to engage the market better.
- Strengthen brand image in the online environment. It almost goes without saying that a digital presence is vital for successful international student recruitment. Search Engine Optimisation, social network marketing and online advertising are now established practices and are measurable.

CHANGING DEMOGRAPHIC DYNAMICS

Currently, the majority of UK universities depend for the financial sustainability on a combination of the full-time undergraduates and international student markets. However, findings from the recent report published by Nigel Brown Associates on behalf of UUK, demonstrate that UK HE faces significant demographic change over the next twenty years amongst the age groups from which it traditionally recruits full-time and part-time undergraduates.

In particular, the number of 18 to 20 year olds who make up over 70 per cent of entrants to full-time undergraduate programmes is projected to fall sharply from 2009 onwards before rising again, up to 2027. The older group, from which part-time undergraduates are mainly drawn, will experience significant growth over the same period.

As a consequence, UK universities need to start exploring and considering alternative markets (which they have the capacity to enter), that can compensate for any projected decline in their full-time undergraduate recruitment, including part-time and postgraduate markets. However, despite its drawbacks, the recent credit crunch had one significant positive impact in the UK HE market. Universities are currently seen as a stopgap during recession and a good way to up-skill while waiting for the market to regain its confidence.

Figures in late February this year showed almost an eight per cent increase about 42,000 in applications for full-time study at university, the biggest in eight years, with many of the applications received in December and January. The main reasons identified for this change were the recession and rising unemployment. David Lammy, the Education Minister, said: With nearly 8 per cent more people applying to university and colleges in England than this time last year, it is clear that even in these more challenging times people recognise the value of a degree and the investment in their future career (The Times, University applications rise by 8% as recession bites, 18 February 2009).

The main question though that remains is how UK universities, including the most prestigious ones could place themselves to recognise the potential threats and opportunities placed by significant external changes and to respond to these changes in order to grasp opportunities and manage threat.

FURTHER INSIGHTS

The importance of enhancing the Student Experience

Student Experience is seen as a key influencer when considering a university. From a marketing perspective, communicating the positive aspects of the student experience could be a very powerful tool in recruitment of both UK and overseas prospects. There is a great opportunity to bring this vision to life and make the experience enriching in a way that goes beyond the academic.

One way could be to actively involve the student bodies in the marketing mix. By recruiting ambassadors it would be possible to gain a great deal of content that conveyed what it is like to live the student experience. Creating and communicating a living mission - The Times Student Experience Survey notes that Loughborough University's success was at least partially attributable to its living mission. It is how that vision is brought to life and embraced by those who are associated with it be they students or staff. A living mission is a cohesive force within an organisation. In the private sector, Microsoft employees have a very strong corporate culture and live the brand. This is not to suggest anything along the lines of brainwashing, merely encouraging a sense of community and shared purpose.

SERIOUS conclusion

These are challenging times for the HE sector. If there is one conclusion to be drawn, it is that organisations must take action now on several fronts to secure a sustainable future. From a strategic perspective we would highly recommend setting up a Brand Committee comprised of management, faculty, students and external consultants in order to get to the heart of future success for any HE organisation. There is a lot of useful and relevant information and research available and by providing this forum it will help assess and tackle market issues; formulate plans of action and stay at the forefront of innovation.

We would very much welcome any feedback and information that could support our findings and opinions. For further information and insights contact Serious Marketing Communications Ltd on 01932 835850 or visit www.seriouseducationmarketing.com

Footnote:

SERIOUS has helped London Business School achieve excellent global rankings for its programmes through academic excellence and by creating a total quality experience for its students. Evidence of some of our work is highlighted below for your interest.

- As part of its brand audit for London Business School, SERIOUS conducted research on the international competitor marketplace for Executive Education and has developed a methodology and framework that was used to define the differentiating factors between the School and its international competitors.
- SERIOUS has supported London Business School with tactical and strategic alumni networking activity, whose alumni have traditionally provided a rich revenue stream through donations and ongoing business through student placement.
- SERIOUS has a great deal of experience in recruiting international students to London Business School. The School's programmes are geared for an international marketplace and aims for 60% of all students from overseas on any given programme. SERIOUS has undertaken numerous international marketing initiatives on the School's behalf, including direct

mail, advertising and supporting recruitment events in Dubai and Australia. In the digital arena, SERIOUS has seen remarkable success. In particular, launching the Pre-Masters in Management in 2009 using social networking, SEO and online advertising to achieve a 500% Return On Marketing Investment. The Online Marketing campaign using the perpetual marketing model developed for London Business School has recently received an IPA Effectiveness Award 2009.

- SERIOUS has specific experience in creating rich-media content using student voxpops (evidenced in the video for London Business School's Emerging Leaders Programme) and publishing it online to optimise the School's presence through search engines. It also uses this video content in a pioneering digital customer relationship management tool that takes prospective candidates through a process of endearment by providing a window on various aspects of School life and programme benefits.
- As part of a brand strategy exercise for London Business School, SERIOUS was tasked to create a sub-brand identity that defined and communicated the 'essence' of Executive Education not only to students, but also to staff and suppliers. The exercise was highly successful. A new identity was created based on the inspirational nature of the London Business School experience. This was communicated to staff and suppliers and became an integral feature of all marketing communications.

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