



Tough Times and Clear Thinking: Coming to Grips with the Higher Education Market

The university or college campus is awash in ideas meant to challenge and stimulate. All too often, however, it is also a place where “ideals” are largely ones devoted to the academic status quo: the groves of academe as a place with a particularly acute vision. Unfortunately, this vision is often facing into the past and resolutely committed to “the way things ought to be” as opposed to the way they are. This represents a challenge for small, private, tuition-driven institutions. A study by Keypath Education based on the most recent IPEDS data shows that enrollment growth is largely flat or declining in higher education and that the cost of student acquisition is rising. As a result, small colleges and universities are charged as never before with thinking clearly about meet contemporary challenges and whether their educational product and marketing strategies are forward facing. Only by asking some tough questions and being willing to follow through on the answers will institutions be able to craft a path to sustainability.

The Higher Education Landscape

Keypath’s analysis of the latest IPEDS data¹ suggests that there will continue to be challenges in the higher education marketplace.

Enrollments in most segments in the higher education market are down or flat (p.1). The cost of attracting students to institutions is rising. We see declining conversion rates across degree levels and delivery and marketing channels (p.22). And it would seem as if student preferences are increasingly focused on specific career-oriented programs and not the traditional Liberal Arts majors that are considered the “heart” of institutions. The steady increase in online learning suggests a shift away from more traditional delivery systems. Even more telling in terms of a cultural shift in the perspective of educational consumers, the power of social media in marketing suggests a preference for visual presentation as opposed to the text-based approach that still dominates the academy.

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Challenging Times

For smaller, tuition driven institutions, the ability to attract students is essential. To do so, the data suggests that it is critical to clearly understand what prospective students want and how the institution can position itself to both satisfy these needs *and be perceived as doing so*. This may require some soul-searching and difficult choices.

First, it is important to note that market trends and what they tell us about student preferences are vitally important. Colleges and universities need to orient themselves in ways that enable them to thrive in the here and now, not labor under a doomed fidelity to a vision of how things were (or ought to be).

Online learning is a case in point. While its acceptance at campuses across the country is increasing, it is still not unusual to find members of the higher education community viewing online learning as a second-class educational option for students. There is a residual and persistent affection for the vision of the elite educational experience of young resident students studying full-time on a college campus where ideas are in the air and erudition is valued above all. Indeed, this vision is so powerful (and, I admit, compelling) that most colleges and universities are modeled along lines that support it. And it is possible to do so. All it requires is a billion dollar endowment.

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For most institutions in this country, however, this is not a reasonable plan for viability. Sustainability for most small, under-endowed institutions will require a strategy that is acutely sensitized to the needs of the higher education market. Online education continues to grow and today one in seven students is enrolled in a fully online program (p.1). Of particular note is that the most significant growth is at private, not-for profit institutions. And demand for online learning is growing among both “traditional” and “non-traditional” students.

But embracing online delivery to meet current market demands also has significant additional benefits. There are many instances where the optimal delivery modality is one that combines online delivery with synchronous, face-face learning. Such hybrid approaches are essential to the “flipped” classroom, but also open up additional programs and fields for delivery design that more accessible, efficient, and effective. In specific areas in healthcare, mental health service, and education, there are obvious needs for laboratory, clinical and other practica that are often best accomplished in non-virtual settings. Experience with online delivery can assist institutions gain educational competency across delivery modalities, and enable them to craft hybrid programs that can facilitate expansion in some key growth areas (see below).

The “unique identity” myth is another issue. Small private institutions are, despite their claims for uniqueness, largely alike in their program offerings and positioning as small and caring places. I should hasten to add that their contentions regarding care for students are real and genuine: faculty and staff at these institutions do remarkable and valuable work. However, as enrollments decline, competition grows, and if all small institutions are presenting themselves in similar ways, then creating a brand identity is difficult.

And brand can be important—the report notes that the click through rate in searches for ads for prominent brand institutions is six times that for non-branded ones (p. 10). But, once again, this is a largely elite category and does not reflect the status of most institutions. Brand building is a long-term project that is resource intensive. As a result, it may not be an option for cash-strapped institutions in trying times.

In addition, an overall perspective on marketing data also tells us that searches by prospective students focus on programs, not institutions (p.5). In a crowded market where institutions seem to provide very similar program offerings, this can be a problem for market differentiation. There is a bright side, however: program preferences can help guide the development of an institution’s program portfolio. The catch: market preferences are trending away from “core” Liberal Arts programs and colleges and universities may need to re-orient their academic priorities.

Note the clustering of focus:

- ∞ **Helping Professions:** Psychology, Early Childhood Education, Mental Health Counseling
- ∞ **Information Technology:** Computer Science, Information Security, Data Science, IT
- ∞ **Healthcare:** RN, Dental Hygiene, Healthcare Administration, Medical Assistant, Family Practice Nursing, Nursing Administration, Nursing (General)
- ∞ **Business and Management:** Accounting, Marketing, Project Management, Sports Administration, Healthcare Administration Management

Top Programs by Student Demand	
Undergraduate	Graduate
Registered Nurse	Project Management
Psychology	Information Security/Assurance
Early Childhood Education	Family Practice Nursing
Accounting	Mental Health Counseling
Computer Science	Nursing Administration/Mgt
Marketing	Sports Administration/Mgt
Dental Hygiene	Data Science/Business Analytics
Healthcare Administration	Nursing (General)
Truck Driver (NA)	Healthcare Administration Mgt
Medical Assistant	Information Technology

Source: Keypath Education. 2016 Higher Education Benchmarks, p.13, 16

In addition, we see a trend where many of the programs are ones oriented toward fields with strong quantitative and scientific foundations. The take away? Schools should consider current areas of programmatic strength and build on it. Institutions are likely to already have an undergraduate Psychology program. They could put it on line and build a pathway toward a Master’s in Counseling. Similar linkages could be created from general business undergraduate degrees to specialized graduate programs. And offer them online or in hybrid formats. Beef up

offerings in IT (not a traditional strength of small private institutions)—the future (as well as the present) is digital. And if the institution is not involved in healthcare education, it should develop a strategic plan for doing so.

Coming to Grips

The analysis suggests that there are a few very clear points that should guide planning for small private institutions. These points suggest that the key to institutional viability will include approaches and emphases that are much more pointed and forward-facing than has traditionally been the case. It may take institutions outside their comfort zones. But however challenging, it's a necessary move. In this environment, absent "plan B" (secure a billion dollar endowment), it is the only thing that will permit smaller institutions to weather the current climate.

Things to keep in mind:

The market. The market. The market.

- ∞ Design your activities and offerings to maximize market appeal.
- ∞ Understand that acquisition costs will increase and conversion rates will decrease.
- ∞ Craft approaches that leverage mobile and social media marketing.
- ∞ Understand that content marketing and website optimization are more important than ever.

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Embrace Online and Hybrid Design

- ∞ The growth of online education is the one bright spot in the higher education space.
- ∞ Its appeal is growing for both "traditional" and "non-traditional" students, especially at private not-for-profit schools.
- ∞ It will increasingly cannibalize on ground programs—something institutions need to be prepared for and acknowledge.
- ∞ A robust online presence will be a critical component in institutional success.
- ∞ Expertise in online design enhances the ability to develop hybrid approaches that can open new fields to study to innovative delivery.

Diversify and Strengthen Your Program Portfolio

- ∞ Most student consumers view higher education as a credentialing mechanism linked to careers. Program portfolios should reflect that.

- ∞ Healthcare programs present the most significant opportunity to attract students.
- ∞ Create overt “pathways” from generalist undergraduate programs to career-focused graduate programs
- ∞ Information Technology programs will become increasingly important across multiple fields.

The Author

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ⁱ Keypath Education. 2016. 2016 Higher Education Benchmarks. Retrieved from <http://info.keypathedu.com/the-2016-higher-education-benchmarks>. See also (See IPEDS data <https://nces.ed.gov/ipeds/datacenter/>)