

THE
2016
Independent College Presidents
SURVEY

A LAWLOR and RHB Collaboration

EXECUTIVE SUMMARY

RELEASED JANUARY 2017

Introduction

In 2016, The Lawlor Group and RHB, two longstanding marketing consultancies serving higher education, collaborated to conduct a survey of independent college presidents. John Lawlor and Rick Bailey, the principals of each respective firm, had begun to notice patterns in their ongoing conversations with private college presidents about the marketing challenges they were facing. They decided to collaborate on a far-reaching survey to: clarify the marketing needs of independent college and university presidents; identify the obstacles to addressing those challenges; provide actionable solutions and recommendations for creating marketing opportunities to advance private institutions; and provide sitting presidents with insights into what their peers perceive as the *real* marketing challenges facing higher education today.

Methodology

Prior to the implementation of the quantitative study, 24 presidents were queried for qualitative information and 12 responded, providing insight that informed the development of the online survey, which was conducted August 30–September 9, 2016. Email invitations were distributed to 1,090 college presidents, with about 300 presidents sharing their perspectives and 216 presidents completing the survey in full (a response rate of 19.8%). For the purposes of this report, only the data contributed by those 216 presidents who answered every survey question is included. Responses were compared for statistically significant differences at a 95% confidence level for the following variables: undergraduate residential tuition, religious vs. non-religious affiliation, professional affiliation (CIC vs. Others), accrediting agency and undergraduate residential enrollment.

Profile of Respondents

- 44% of responding presidents have been leading their current institution for six or more years.
- For 76%, this is their first presidency.
- 70% hold memberships in CIC and/or NAICU.
- 46% are members of ACE.

Throughout the summary, respondents' answers to open-ended questions are featured in quotation marks.

Profile of Institutions

Surveyed presidents represent institutions with a mean tuition rate of \$30,000. The average undergraduate residential enrollment for all is 1,149 students, and 66% of the institutions represented are religiously affiliated. More presidents come from schools accredited by the North Central Association of Colleges and Schools (45%) than any other accrediting agency; 20% are accredited by the Southern Association of Colleges and Schools and 18% by the Middle States Association of Colleges and Schools (Figure 1). The majority of presidents reported that enrollment and revenue at their institutions have dropped or remained flat during the past three years, while in that same span of time contributions and endowments have both increased (Figure 2).

Figure 1:

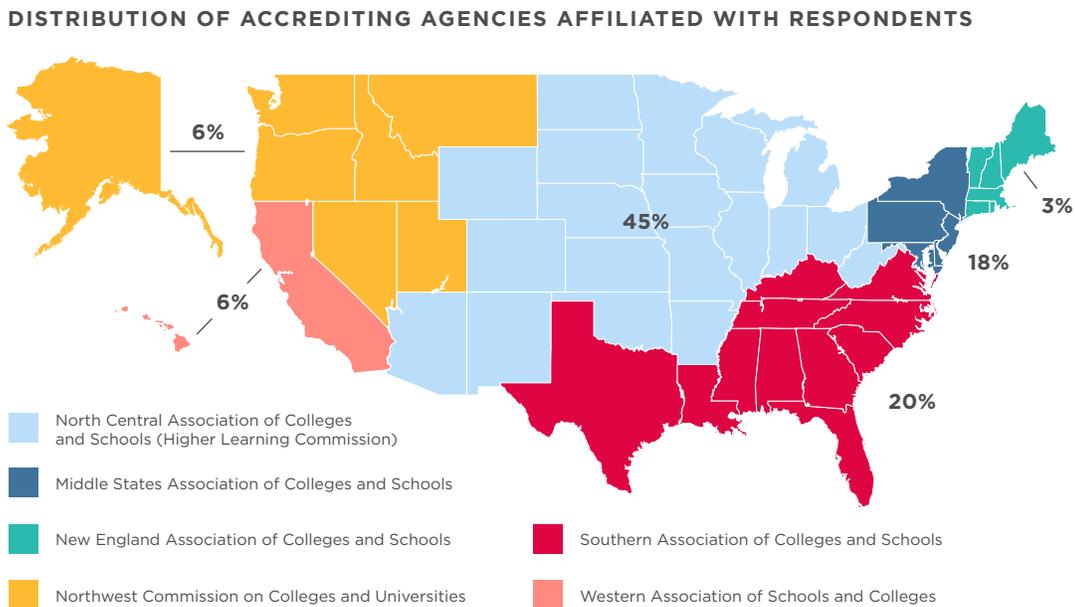


Figure 2:

ENROLLMENT, REVENUE, CONTRIBUTIONS AND ENDOWMENT PERFORMANCE

PERFORMANCE PAST 3 YEARS	ENROLLMENT	REVENUE	CONTRIBUTIONS	ENDOWMENT
Declined	29%	26%	5%	7%
Remained Flat	24%	27%	20%	28%
Increased	47%	47%	75%	65%

FINDING 1:

Cost issues are the most significant internal and external forces for today's presidents.

For most respondents, families' ability to pay is the top external force posing the greatest challenge to their institution (Figure 3). Sixty-three percent of presidents cite families' *ability* to pay among their top three external challenges, while 47% cite families' *willingness* to pay.

The most pressing internal forces relate to institutional costs (Figure 4). Sixty-eight percent list the cost of running a higher education institution as their greatest internal challenge; 50% cite financial stability.

Among the least pressing external forces were increased interest in professional and skills-based programs (9%) and consumer awareness of/cynicism about being marketed to (2%). Among the least pressing internal forces were attracting and retaining qualified and knowledgeable faculty (6%) and attracting and retaining skilled staff (5%).

“As costs inch up, many of our families (sending the first student in their extended family to college) can’t find the necessary resources to fill the gap between financial aid and the cost of attendance.”

Figure 3:

GREATEST EXTERNAL MARKET FORCES

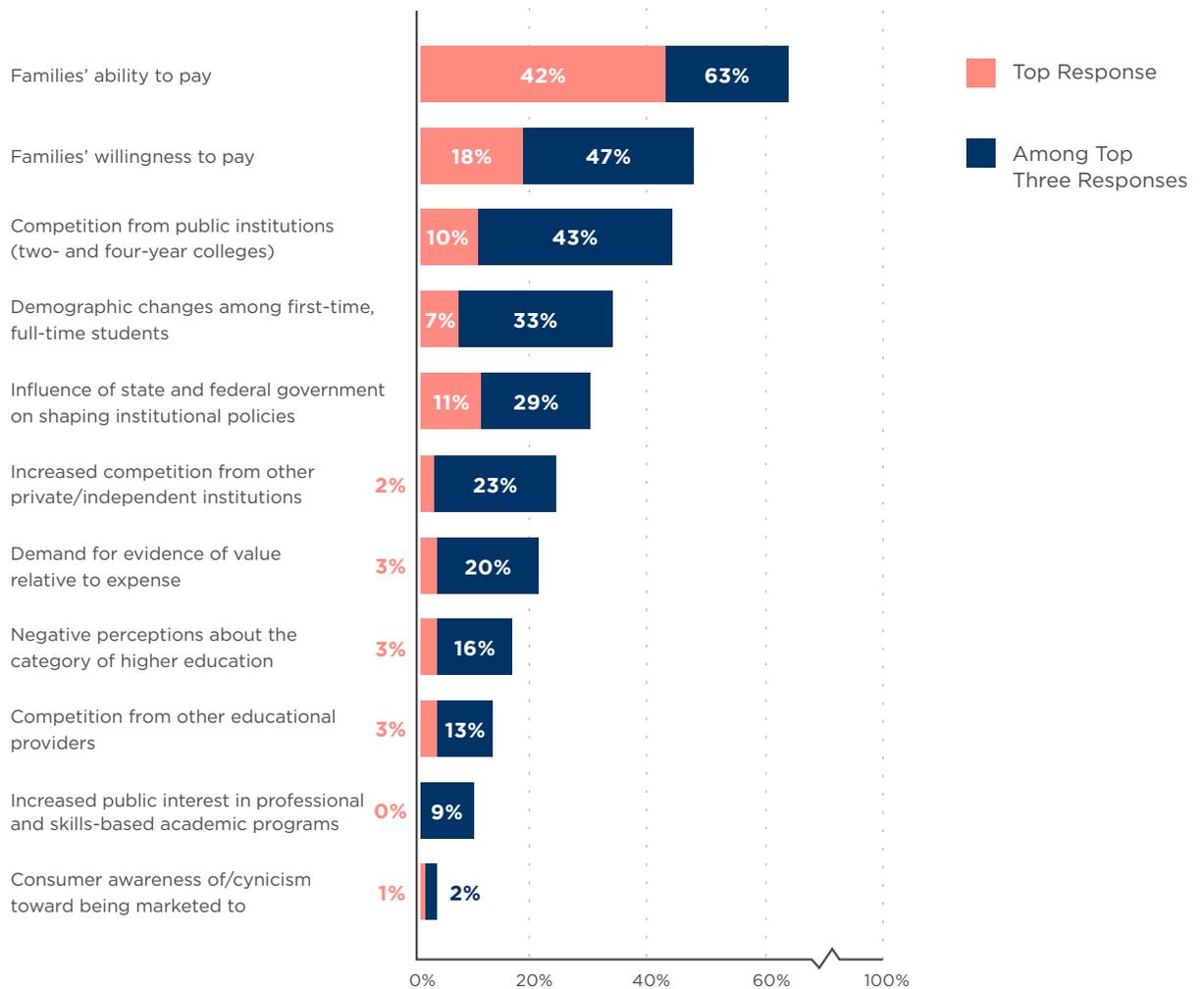
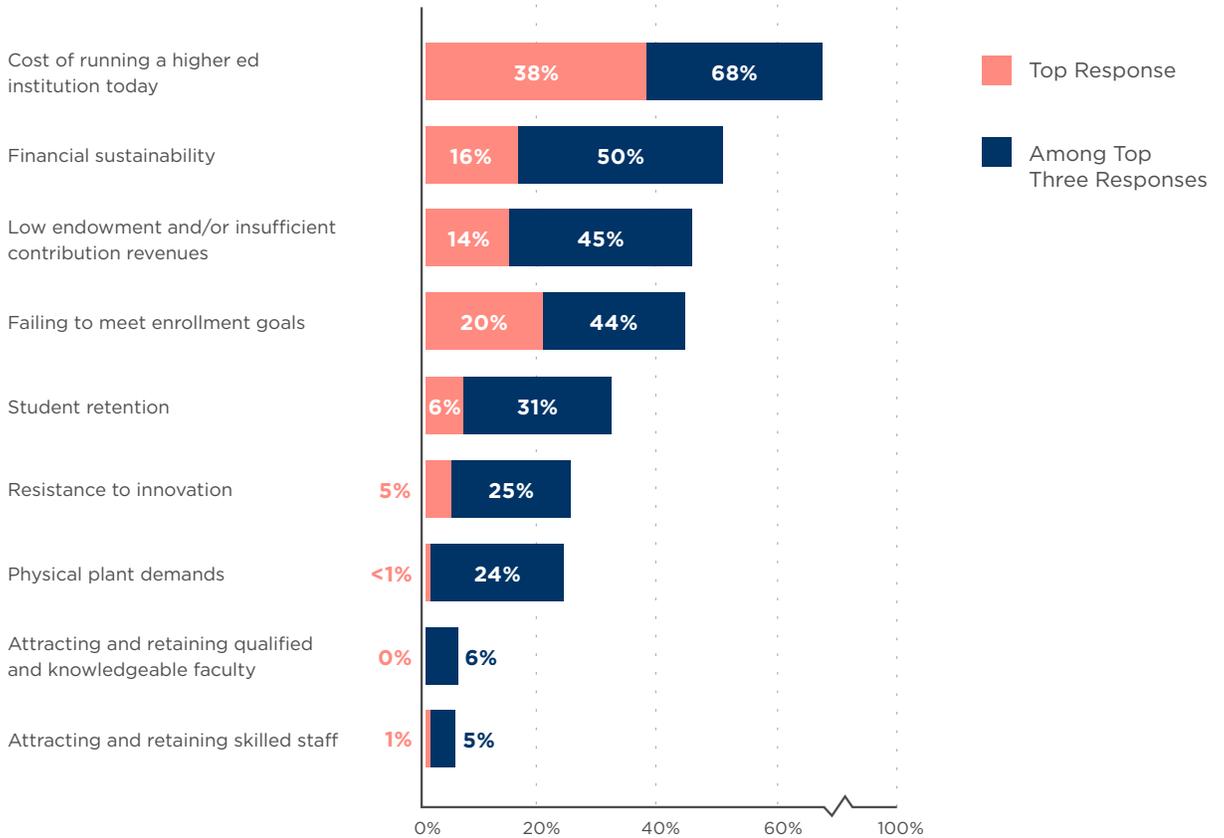


Figure 4:

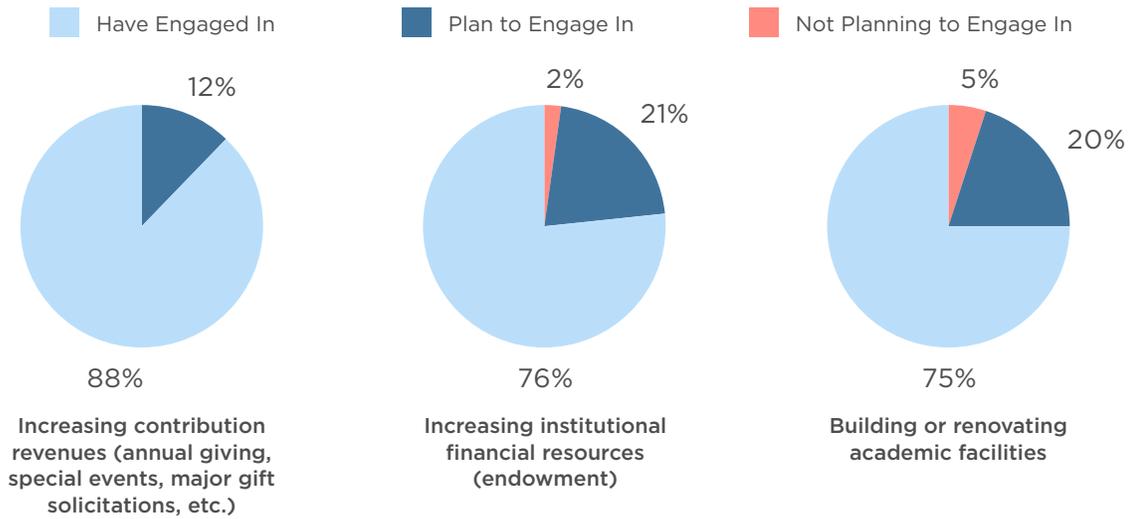
GREATEST INTERNAL MARKET FORCES



One hundred percent say that in the past five years they have engaged or planned to engage in activities to increase contribution revenues, while 98% have engaged or plan to engage in programs to increase institutional financial resources (endowment) (Figure 5). Ninety-six percent say that increasing revenues is somewhat or very challenging for them.

Figure 5:

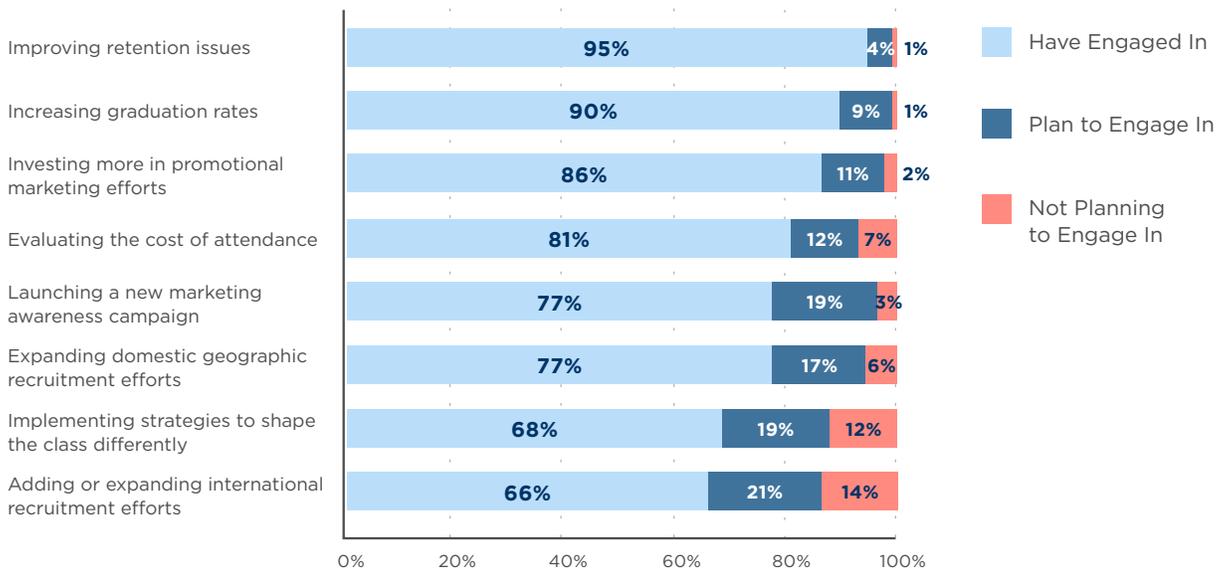
PROGRAMMATIC-RELATED INITIATIVES IMPLEMENTED IN PAST 5 YEARS TO RESPOND TO MARKETPLACE FORCES



Improving retention, graduation rates and marketing efforts were the top enrollment management and marketing-related initiatives presidents focused on in the last five years (Figure 6).

Figure 6:

ENROLLMENT MANAGEMENT/MARKETING-RELATED INITIATIVES



FINDING 2:

While cost remains a top concern, today's presidents feel challenged by a variety of internal and external forces.

Participants were asked to respond to an open-ended question listing the specific concerns generated by the top internal and external forces that challenge their institutions. The most common responses are summarized here:

- Students' ability to pay and willingness to pay
- The affordability of their institutions
- Enrollment numbers
- External demands (i.e., government regulations)
- Competition with larger schools and those with larger marketing budgets
- Tuition dependency
- Change-resistant faculty
- The perceived value of a liberal arts education
- Distinguishing themselves from public institutions
- The rising cost of higher education
- Unsustainable financial models
- Demographic changes

“(There’s a) growing perception that undergraduate education should be free or tuition-free or debt-free, and that any alternative represents exploitation of students by colleges.”

“There are too many institutions competing for the same students. The trick is to be one of the institutions that survive.”

FINDING 3:

Increasing revenues and visibility are major challenges.

While increasing revenues is viewed as the top marketing-related challenge (60% rated it as “very challenging”), heightening visibility/improving awareness (50%), addressing affordability (49%) and creating distinction (49%) are close behind (Figure 7).

Figure 7:

TOP 10 MARKETING-RELATED CHALLENGES

TOP 10 MARKETING-RELATED CHALLENGES	% RATING AS “VERY CHALLENGING”
Increasing revenues	60%
Heightening visibility and improving awareness	50%
Addressing affordability	49%
Creating distinction in the marketplace	49%
Gaining public and media attention	44%
Building a brand	42%
Conveying our value proposition	41%
Positioning us against our competitors	40%
Increasing retention	38%
Supporting a capital campaign	31%
Promoting the institution to prospective students	29%

“Everybody professes to recognize that our model is unsustainable, but no one is making significant changes to it.”

FINDING 4:

Only a handful of pricing initiatives are being widely explored.

Respondents were asked to select from a list of 10 different pricing-related initiatives and asked if their institution had used any in the past five years with the strategic intent of increasing enrollment. The top four initiatives were increased merit aid, increased need-based aid, increased discount rate and increased tuition. These were implemented by at least 50% of respondents (Figure 8).

The least utilized pricing initiatives included locked-in prices for four years (8%) and reducing the published price (4%).

Figure 8:

PRICING-RELATED INITIATIVES USED IN THE PAST 5 YEARS

PRICING-RELATED INITIATIVES	% IMPLEMENTED
Increased merit aid	57%
Increased need-based aid	56%
Increased the discount rate	54%
Increased tuition	50%
Implemented differential pricing	17%
Decreased the discount rate	15%
Offered a guarantee	9%
Decreased tuition	8%
Locked in price for four years	8%
Reduced published price	4%

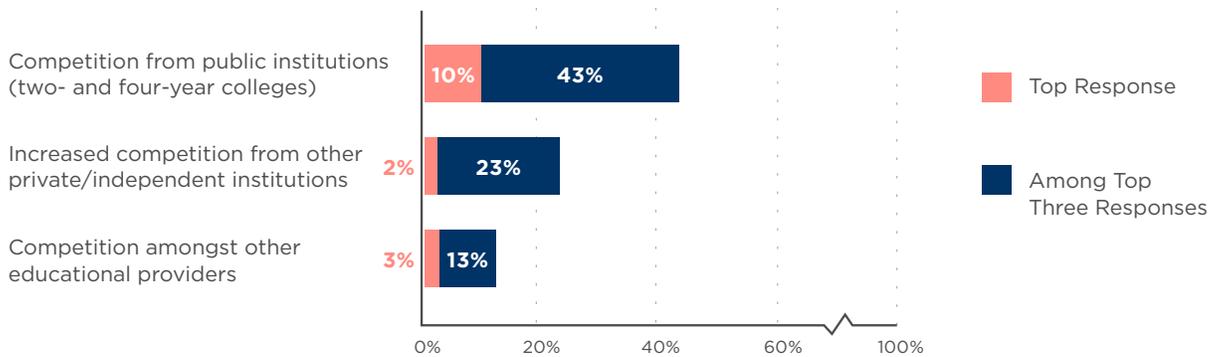
FINDING 5:

Presidents feel more competitive pressure from public institutions than from other private colleges and universities.

Forty-three percent of presidents report that they see competition from two- and four-year public institutions as their biggest threat (Figure 9). Only 23% report competition from other private/independent institutions as a major threat, while 13% report feeling a threat from other educational providers. In other words, presidents feel almost twice as much pressure from publics than they do from any other type of institution.

Figure 9:

GREATEST EXTERNAL MARKET FORCES



“Families expect to get a small private education at a public school price. Their inability or lack of willingness to plan ahead financially is frustrating.”

FINDING 6:

Most institutions have added distinctive academic programs.

Seventy-one percent of respondents said their institutions have added distinctive academic programs in the past five years (i.e., programs not offered by their competitors). Frequent mentions included health-related, cybersecurity, physicians' assistant and engineering programs. Fifty percent conducted feasibility/demand studies before adding new programs. An additional 36% performed such studies on some of the programs.

Of those who added programs, 46% reported that both enrollment and revenues increased “very successfully” as a result; 37% reported that both enrollment and revenues increased, but not as much as expected.

“Higher education must change and meet the needs of today’s students who need more choices. Innovation, when appropriately applied, can greatly enhance the quality of education and make it more accessible.”

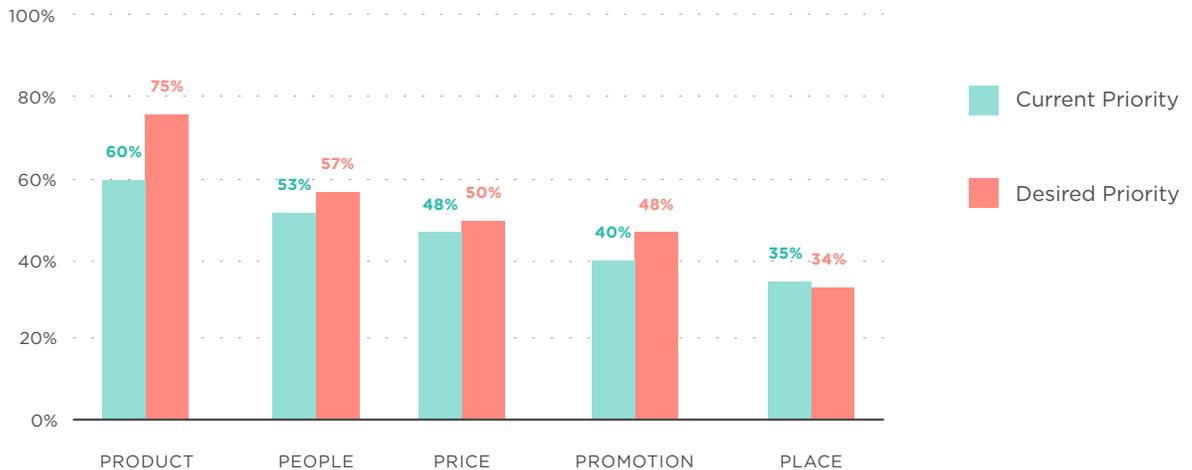
FINDING 7:

In terms of marketing priorities, “product” is by far the top area of focus.

Sixty percent of respondents ranked product as their highest current marketing priority, and 75% ranked it as their highest desired priority (Figure 10). While promotion was fourth on the list in terms of its priority, more presidents who didn’t currently have it as a priority wished to make it one than any other marketing component except for product.

Figure 10:

MARKETING PRIORITIES: CURRENT AND DESIRED



“I think we still need to refine our own story in our own minds. It is difficult to articulate the story to an external audience when we still have confusion internally.”

FINDING 8:

While product is the top marketing priority, people-related initiatives are drawing more presidents’ attention.

More presidents are concerned with improving retention (95%) than any other marketing-related initiative. Product-related initiatives don’t even break the top five, which also include increasing graduation rates (90%), increasing contribution revenues (88%), investing more in promotional marketing efforts (86%) and evaluating the cost of attendance (81%) (Figure 11).

Figure 11:

MARKETING PRIORITIES

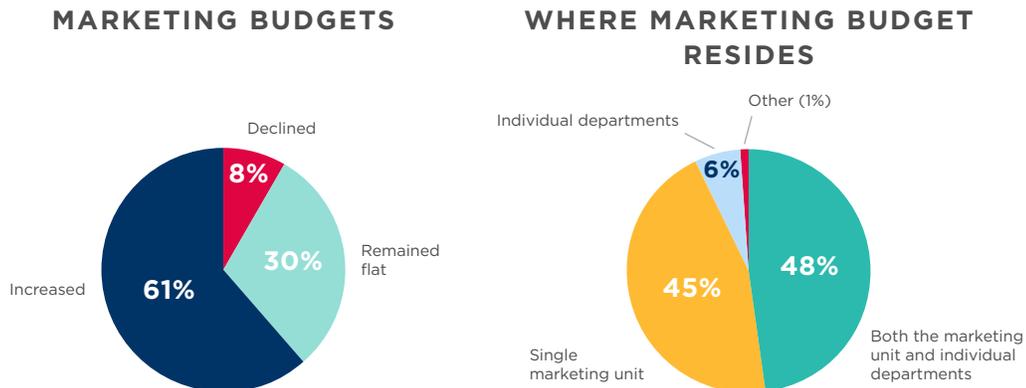
PRODUCT	PEOPLE	PRICE	PROMOTION	PLACE
(% WHO HAVE ENGAGED IN THE FOLLOWING)				
Adding programs for graduate students (69%)	Improving retention (95%)	Increasing contribution revenues (88%)	Investing more in promotional marketing efforts (86%)	Building or renovating academic facilities (75%)
Adding intercollegiate sports (66%)	Increasing graduation rates (90%)	Evaluating the cost of attendance (81%)	Launching a new marketing awareness campaign (77%)	Building or renovating a residence hall (60%)
Adding new co-curricular activities (66%)	Expanding domestic geographic recruitment (77%)	Increasing endowment (76%)		Opening satellite campuses in the U.S. (29%)
Launching online programs (66%)	Implementing strategies to shape the class differently (68%)			Opening a campus abroad (8%)
Launching hybrid programs (64%)	Adding or expanding international recruitment efforts (66%)			

FINDING 9:

Most presidents have seen increases in the marketing budgets of their institutions.

Over the past three years, 61% of these organizations have seen increases in their marketing budgets vs. 30% that remained flat and 8% that saw a decline (Figure 12). On average, slightly more than 50% of marketing budgets are being spent on promotional efforts. There's almost an even split between those whose marketing budget resides in a single marketing unit (45%) and those whose budget is shared by both the marketing unit and individual departments (48%) (Figure 12).

Figure 12:



“We have a lack of qualified marketing staff and an admissions staff that is very traditional in their approach and doesn’t understand (or hasn’t embraced) some of the new techniques.”

FINDING 10:

Most marketing leaders are vice presidents and have responsibility for marketing and enrollment management, but marketing has not yet been fully adopted as a senior-level position.

“Vice president” is the most common title for the highest level marketing officer (44%), followed by “director” (29%). Only 8% have a “chief marketing officer” or “associate vice president (AVP)” (Figure 13). Thirty percent of the marketing leaders do not sit on the cabinet/executive team (Figure 14). Fifty-eight percent are responsible for marketing and communications vs. 25% who are responsible for marketing and communications and enrollment management. Twelve percent are responsible for marketing and communications and advancement.

Figure 13:

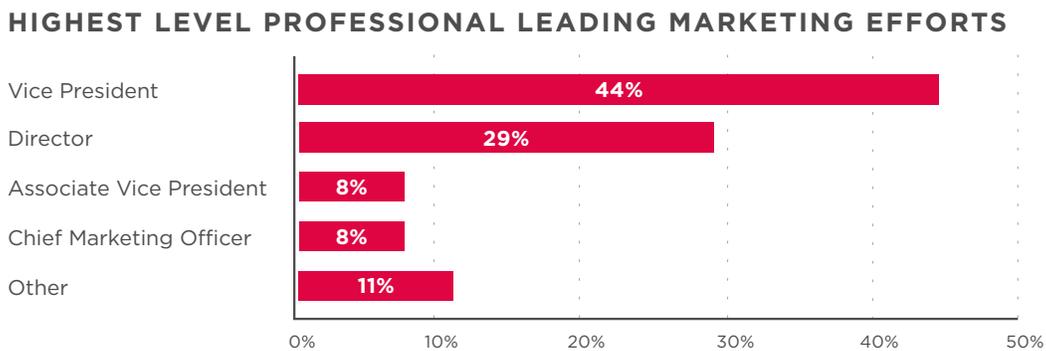
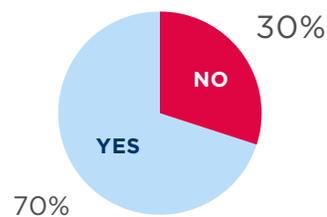


Figure 14:

MARKETING LEADER SITS ON CABINET/EXECUTIVE TEAM



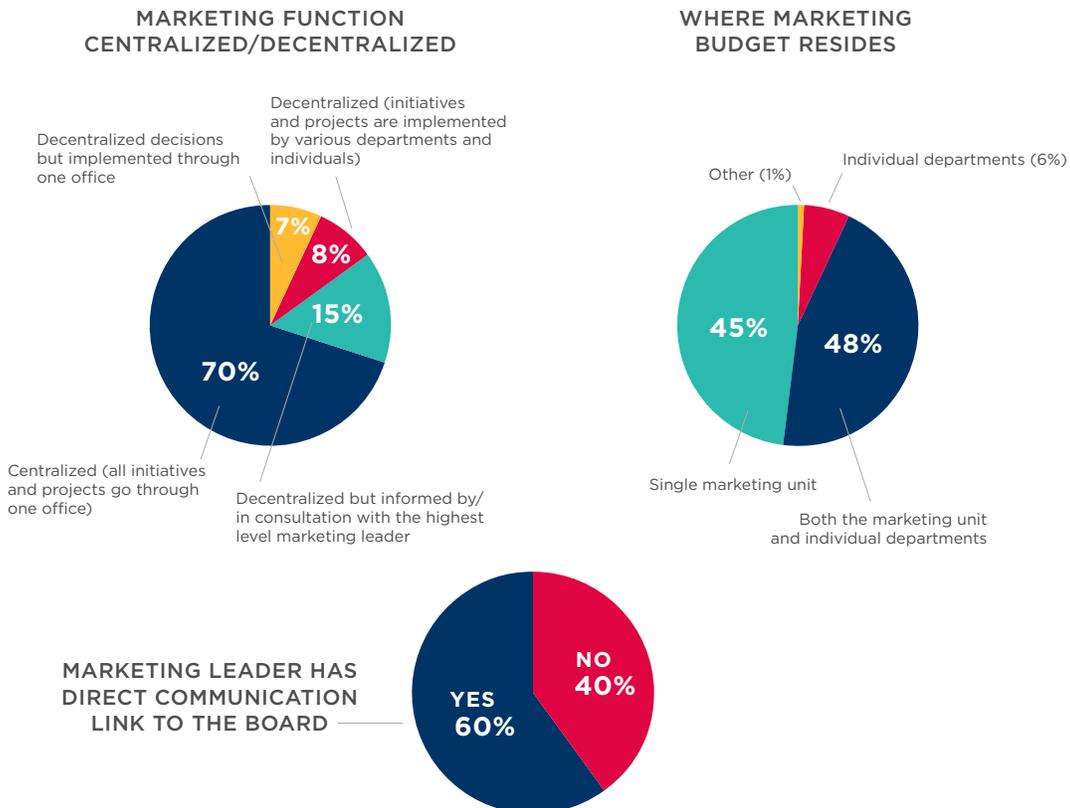
“Marketing budgets have been easier to cut than people.”

FINDING 11:

Less than half of marketing leaders have full control of their own budgets. Only 60% have direct access to the board.

While marketing functions are most likely to be centralized with all initiatives and projects going through one office (70%), only 45% report their marketing budgets reside within a single marketing unit (48% report that it is evenly divided between the marketing office and individual departments). Forty percent of marketing leaders do not have a direct communication link to the board (Figure 15).

Figure 15:



FINDING 12:

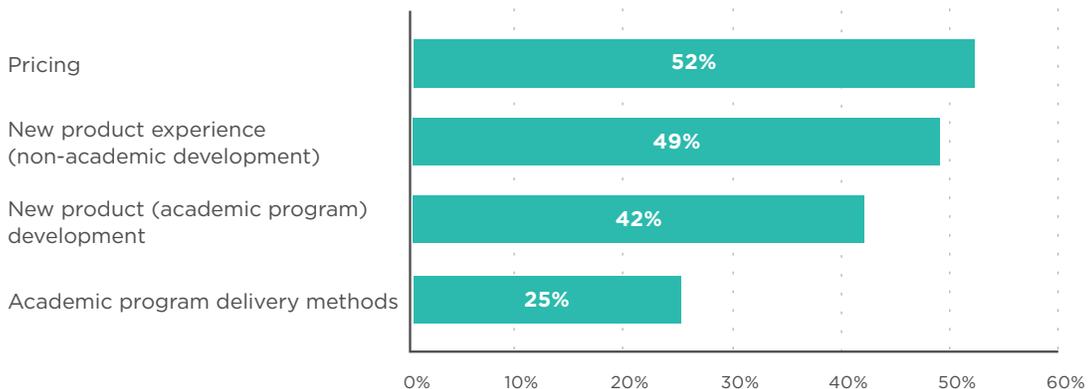
When it comes to the “5 P’s,” marketing leaders have almost full control over “promotion” and “people,” but for many, “product,” “price” and “place” are outside their purview.

Ninety-six percent of marketing leaders have authority over creative development and implementation. Ninety-three percent to 95% have authority over how budgets are spent, marketing and communication planning, and organizational decisions within the unit. Eighty-nine percent have authority over hiring and firing. Eighty-seven percent have authority over the institutional website.

In contrast, slightly more than half (52%) of the presidents surveyed said their marketing leaders have influence over pricing decisions, while 49% have influence over new non-academic product development and 42% over new academic-product development. Only 25% share influence over delivery methods (Figure 16).

Figure 16:

INFLUENCE OF CHIEF MARKETING OFFICER



About The Lawlor Group and RHB

The Lawlor Group is a team of marketing experts focused almost exclusively on private educational institutions, consortia and associations that provides market research, strategic counsel and integrated/interactive marketing communications services. The firm is based in Minneapolis. RHB is a marketing and design consultancy located in Indianapolis that brings marketing strategy, planning, research and creative solutions to higher education institutions across the country. Led by John Lawlor and Rick Bailey, respectively, each firm has more than 25 years of higher education experience and expertise. Visit thelawlogroup.com and rhb.com to learn more.

About the LAWLOR and RHB Collaboration

Given the challenging climate in which higher education institutions must now operate, LAWLOR and RHB have observed a growing concern among college presidents over the responsibilities they must shoulder in dealing with the marketing challenges they are facing—some internal and many external. It has become readily apparent that there is a need for college presidents and senior leaders to have a shared understanding about the *real* marketing challenges facing private higher education, as well as a more informed perspective about how to address them and create opportunities that advance the institution and meet marketing goals.

In 2016, LAWLOR and RHB launched their first collaborative effort with the Independent College Presidents Survey. In 2017, the firms will be presenting the full results and findings at professional conferences and sharing additional insights and recommendations through various publications and media channels. The two firms intend to conduct additional studies in the future to further examine these important issues in an effort to provide college presidents and senior leadership with insights and solutions.

For more information and updates about the LAWLOR and RHB collaborative activities, go to higherintelligence.com.