



LAWLOR

INTELLIGENT MARKETING
SOLUTIONS FOR EDUCATION

TREND ONE

The
Right
Stuff

TREND TWO

The
Power
of Price

TREND THREE

Wants
and
Needs

TREND FOUR

Many
in the
Mix

TREND FIVE

Edupreneurial
Evolution

TREND SIX

Track and
Translate

Trends for 2016

Six Marketplace Demands That Influence Private Higher Education Enrollment

The Lawlor Group conducts extensive qualitative and quantitative research for independent college and university clients throughout the United States. Based on our recent findings combined with several outside studies available to the general public, we've identified six trends in the higher education marketplace that we predict will have a significant impact on student recruitment and enrollment efforts during the coming year.

THE RIGHT STUFF

A crowded marketplace is requiring colleges to **stand out** by focusing on their points of distinction, quality, and relevance.

TRACK AND TRANSLATE

Heightened demands for accountability require colleges to **deliver outcomes** that result in the long-term success of alumni.

THE POWER OF PRICE

Economic conditions dictate that colleges **showcase value** as they walk the line between perceived prestige and sticker shock.



EDUPRENEURIAL EVOLUTION

Ensuring retention requires colleges to **continuously improve** under proactive leadership and with collaborative creativity.

WANTS AND NEEDS

Perceptions of affordability require colleges to **provide aid** to surmount both an inability and an unwillingness to pay among families.

MANY IN THE MIX

Key demographic projections signal that colleges need to **serve many** different student niches to ensure adequate revenue streams.

Find our recommendations at www.thelawlorgroup.com/Trends2016

THE RIGHT STUFF

A crowded marketplace is requiring colleges to focus on their sweet spots where quality, relevance, and distinction overlap.

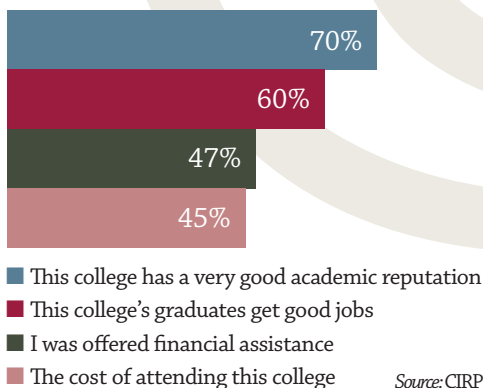
■ **Students have difficulty finding the right college.** 82% of college-bound students say figuring out the best option or fit is an obstacle during their college search process—which tops figuring out the financial aid process (77%) and the application process (63%).

■ **College websites play a big role.** 63% of prospective students seek information on a college's website (71% of those ages 16 to 19), and 89% of them consider it to be a helpful source. Higher income students and white students are more likely to consult college websites, but students of color are more likely to consider them helpful.

■ **Academic information is most important on college websites.** 43% of high school juniors say the content they look for on a college website is related to academics (such as program listings, details, and rankings), topping searches about cost (24%) and admission (21%).

■ **Quality and relevance still matter more than cost in selection.** Among first-year students, the most frequently cited “very important” reason for choosing their college (at 70%) is “this college has a very good academic reputation,” followed by “this college’s graduates get good jobs” at 60%.

First-Year Students' "Very Important" Reasons for Selecting Their College



THE POWER OF PRICE

Walking the line between perceived prestige and sticker shock has become increasingly difficult given economic conditions.

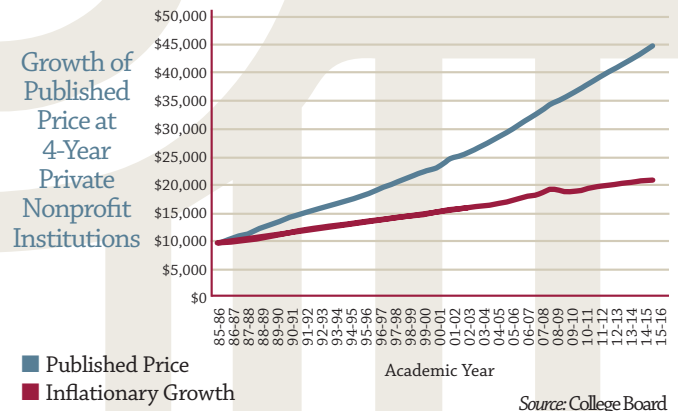
■ **Few parents have a personal frame of reference for private college pricing.** 42% of Americans age 25 and older have never gone to college. Parents who have gone probably attended a public college, because an average of only 16% of undergraduates enrolled at a private nonprofit institution since 1970.

■ **Private college pricing has far exceeded the rate of inflation.** Thirty years ago, the average published price at a private nonprofit institution was \$8,902. Had it only kept pace with inflation, it would now be about \$20,000. Instead the average published price for 2015-16 is more than double that figure, at \$43,921.

■ **Most students attend a college with tuition and fees of less than \$12,000.** The mean price of tuition and fees for full-time undergraduates at public institutions is \$9,809. At private nonprofit institutions, it's \$33,710.

■ **Many families judge cost based on sticker price.** 46% of college-bound students and their parents eliminate a college due to its cost before ever applying to it, and 39% before even researching it (so, presumably, before finding out what their net price would be).

CITATIONS, RECOMMENDATIONS, AND DOWNLOADS



WANTS AND NEEDS

Affordability encompasses not only the *ability* to pay for college, but also the *willingness* to pay among those who can afford it.

■ **Average incomes have not kept up with average net price.** Median household income, adjusted for inflation, dropped by \$3,702 between 2007 and 2014. Yet during that same period, the average net price at private nonprofit institutions dropped by only \$900, inflation adjusted.

■ **Student loan debt is viewed negatively.** With the average debt load of \$28,950 upon graduation for 69% of graduates taking its toll, 87% of admissions directors at private colleges and universities think their institution is losing potential applicants due to concerns about accumulating student loan debt.

■ **Merit aid seems necessary for willingness to pay.** From 2008-09 to 2011-12 (the latest data available), the average net price at private nonprofit institutions rose only by an inflation-adjusted \$850 for middle-income families and \$1,200 for families in the top income group thanks to merit aid, compared to about \$1,700 for families in the lowest income group.

■ **Discount rates continue to rise.** Even though the freshman discount rate reached a record high of 48.6% for 2015-16, freshman enrollment decreased between 2014 and 2015 at 53.5% of the private colleges and universities surveyed.

MANY IN THE MIX

Because of some key demographic projections, recruiting only “traditional” undergraduates probably will not suffice.

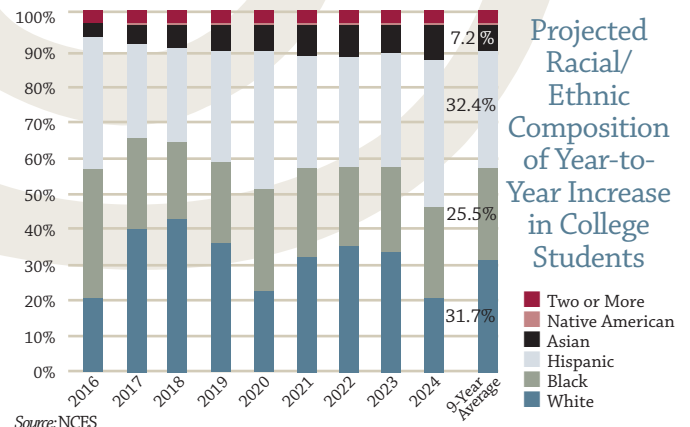
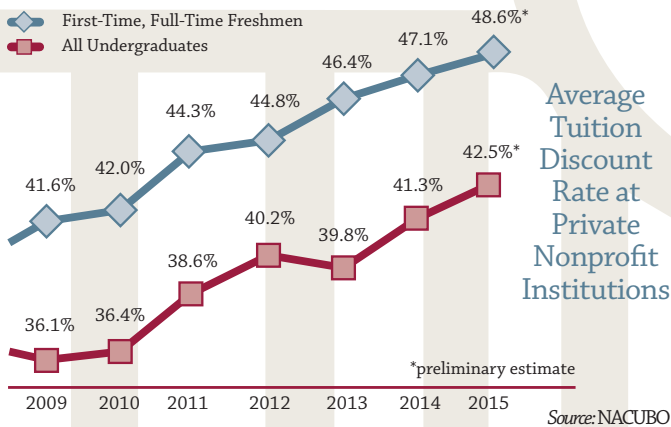
■ **Population changes by geographic region make a difference.** Since 71% of first-year students at four-year institutions choose an in-state college or university and half of them attend a college within 100 miles of home, it matters that 32 states will have a decrease in high school graduates for two or more consecutive years over the next decade.

■ **Postsecondary education options are widening.** The U.S. Department of Education has initiated an experimental program that allows students to use federal loans to pay for coding boot camps and other short-term certification programs. From 2015 to 2016, the number of boot camp graduates grew by 74%.

■ **The number of older students attending college is increasing faster.** Currently 59% of total college enrollment is students age 24 and under. But since enrollment will grow 9.1% among those age 25 and older versus only 5.5% among those age 24 and under, 43% of college enrollments will be older students by 2021.

■ **Future growth in enrollment will come mostly from students of color.** At all higher education institutions during the next nine years, less than a third of the increase in the number of college students is projected to come from white students.

AT WWW.THELAWLORGROUP.COM/TRENDS2016



EDUPRENEURIAL EVOLUTION

Long-standing practices have become unsustainable, requiring proactive leadership and collaborative creativity to find solutions.

■ **Many administrators are skeptical of their institution's financial model.** When asked if they believe their current discount rate is unsustainable, 50% of chief business officers at private nonprofit institutions agreed, 27% strongly.

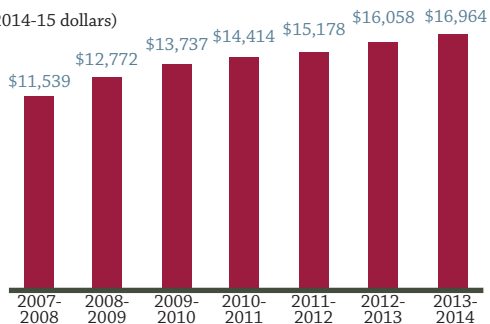
■ **Small colleges are at the greatest risk.** Although its outlook for the higher education industry in 2016 is stable, Moody's says 59% of its rated small colleges and universities failed to achieve net tuition revenue growth at or above a 3% inflation proxy in 2015.

■ **Net tuition revenue growth has slowed.** At four-year private nonprofit institutions, annual growth in net tuition and fees dropped from 6.3% in 2010-11 to 3.2% in 2013-14, while auxiliary revenue growth also declined from 5.1% to 2.8%.

■ **A greater proportion of students are being awarded institutional aid.** 81.6% of undergraduates at four-year private nonprofit institutions received institutional aid in 2013-14, compared to 75.1% in 2007-08. About 48,000 more students received institutional aid during that period, while only about 38,000 more students qualified for federal grants.

Growth in Average Amount of Undergraduate Institutional Aid at Four-Year Private Nonprofit Institutions

(in constant 2014-15 dollars)



Source: NCES

TRACK AND TRANSLATE

Heightened demands for accountability require colleges to not only deliver but also prove and communicate successful outcomes.

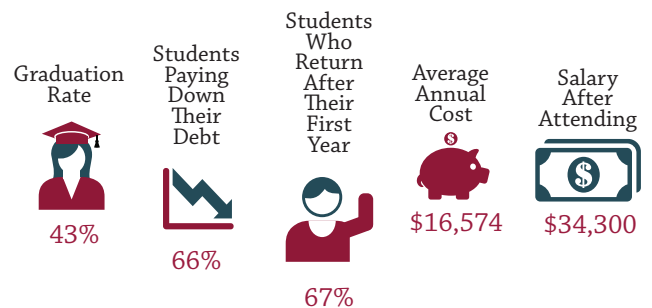
■ **Students are using social media to check what's authentic about a college.** 35% of college-bound high school seniors consult official college social media accounts before deciding to apply, and 31% consult the social media accounts of current students at the college.

■ **Most people attend college to boost their career prospects.** 85% of first-year students say "to be able to get a better job" was a very important reason in deciding to go to college, followed by "to learn more about things that interest me" at 82% and "to get training for a specific career" at 76%.

■ **Many new college graduates are underemployed.** 51% of college graduates from the Classes of 2014 and 2015 consider themselves underemployed, which includes working in a job that does not require a college degree.

■ **College outcomes by institution are becoming easier to access.** The U.S. Department of Education's College Scorecard online tool lets people researching colleges sort them by net price, graduation rate, salary after attending, and the percentage of alumni earning more than high school graduates.

National Averages According to College Scorecard



Source: College Scorecard

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