



# LAWLOR

INTELLIGENT MARKETING  
SOLUTIONS FOR EDUCATION

## TREND ONE

College is becoming  
unaffordable.

## TREND TWO

Consumers are  
demanding results.

## TREND THREE

Social media  
is normalizing  
transparency.

## TREND FOUR

Competition  
is breeding  
commodification.

## TREND FIVE

People are expressing  
discontent with  
higher education.

# Trends for 2012

## Five Marketplace Realities and How Private Higher Education Must Manage Them

The Lawlor Group conducts extensive quantitative and qualitative research for independent college and university clients throughout the United States. Based on our recent findings, along with other primary and secondary research available to the general public, we have identified five trends in the higher education marketplace that we predict will have a significant impact on student recruitment and enrollment efforts during the coming year—along with the opportunities they present for private colleges and universities.

### TREND ONE

## College is becoming unaffordable.

**The slow progress of our nation's recovery from the economic recession, combined with the recent explosion of "Is College Worth It?" articles in the mainstream media, has affected both the reality and the perception of college affordability. And with 2012 being a presidential election year, we can expect candidates at all governmental levels to take up the populist call for the higher education sector to reign in its escalating costs. The annual total price at a private college now averages more than what the median minority family earns in a year, and middle-class families are expected to devote approximately one-third of their annual income to college tuition even after scholarships and grants have been factored in.**

■ Only 22% of Americans agree and 75% disagree that "college costs in general are such that most people are able to afford to pay for a college education," and only 40% say the higher education system provides good value in relation to its cost. (Pew Research Center)

■ 89% of parents of prospective students said "paying for school" was one of their biggest concerns during the college search process, versus only 70% who listed "finding a college that's a good fit." (Cappex)

■ 62% of first-year students in 2010 agreed (20% agreed strongly) that the "current economic situation significantly affected my college choice." (CIRP)

■ Among high school students who graduated in 2010, 55% of those who went on to college said that being able to afford it was challenging, and 56% of those who did not go on to college said that the cost was more than their family could afford. (College Board)

■ The average tuition, fees, and room and board charges at four-year private nonprofit institutions was \$38,589 for 2011-12; the average total in-state cost at public institutions was \$17,131. (College Board)

■ The median household income in 2010 was \$49,445; it was \$64,300 for Asians, \$54,600 for whites, \$37,800 for Hispanics, and \$32,800 for blacks. (U.S. Census Bureau)

■ Average family income decreased 6% for the top quintile and 16% for the bottom quintile from 2000 to 2010. (College Board)

■ The net price (total cost less scholarship and grant aid) to attend a private nonprofit institution increased 17.1% from 2000 to 2009. (Center for College Affordability and Productivity)

■ Even after grant aid, the percentage of family income required to pay for college in 2007 was 72% for those who made \$30,200 or less, 36% for incomes of \$30,201 to \$54,000, 27% for incomes of \$54,001 to \$80,400, 21% for >>>

incomes of \$80,401 to \$115,400, and 14% for incomes over \$115,400. (Education Trust)

- Approximately two-thirds of 2010 college graduates had student loan debt, with an average of \$25,250 for those with debt, a 5% increase from the previous year. (Project on Student Debt)
- 8.8% of federal student loan borrowers who entered repayment in the 2009 fiscal year defaulted by the end of the 2010 fiscal year, compared to 4.6% who entered repayment in 2005. (U.S. Department of Education)

#### **OPPORTUNITY: Innovate.**

*Systemic changes will be required to fix higher education's unsustainable economic model. Fortunately, there's no shortage of intellectual capital at colleges and universities, and America is known for its entrepreneurial spirit. Those who can abandon "we've always done it this way" thinking will be able to seize opportunities for creative innovation.*

#### **TREND TWO**

## Consumers are demanding results.

**The "new normal" of the economic climate has brought about the rise of the prudent consumer who is frugal, cautious, and seeks proof of value. With the national unemployment rate hovering at its highest level in recent memory, students desire assurances that they'll be able to graduate in a timely manner, that they'll gain the career skills they need, and that well-paying jobs await them upon graduation. And many students are "buying down" to a less expensive college option or enrolling at multiple institutions to complete some of their coursework less expensively.**

- 47% of Americans say the main purpose of college should be to acquire specific skills and knowledge that can be used in the workplace, while 39% say it should be to help an individual grow personally and intellectually. (Pew Research Center)
- 55% of hiring decision-makers believe most students would be better served by a broad-based education that helps them choose their best career path, while 45% prefer an education that specifically prepares them for the workplace. (Accrediting Council for Independent Colleges and Schools)
- The median first job salary for college graduates from the Classes of 2006 through 2010 was \$30,000 (\$27,000 for those entering the workforce in 2009 and 2010), with no differential according to whether their degree came from a public or private nonprofit college; 40% took a first job that did not require a college degree. (Heldrich Center for Workforce Development)
- The most common response of first-year students in 2010 when asked what reasons were very important for going to college was "to be able to get a better job," cited by 84.7%; "to get training for a specific career" was cited by 77.6%. (CIRP)
- "This school's graduates get good jobs" was cited by 53.3% of first-year students in 2010 as a reason for choosing their college, second only to "this college has a very good academic reputation" at 62%. (CIRP)
- Only 57% of first-year students were satisfied with the relevance of their coursework to everyday life. (CIRP)
- The percentage of first-year students at four-year public institutions who returned for their second year (73.9%) surpassed the percentage of four-year private nonprofit students (72.4%) for the first time in 2010. (ACT)
- 7.7% of all college students attended more than one institution in 2010-11. (National Student Clearinghouse)
- Enrollment in community colleges increased 15% from Fall 2008 to Fall 2010. (American Association of Community Colleges)
- While enrollment growth at public institutions (3.6%) and private nonprofit institutions (3.4%) was roughly equal between Fall 2005 and Fall 2007, between Fall 2007 and Fall 2009 public growth was 9.8% while private nonprofit growth was only 5.4%. (National Center for Education Statistics)
- The average time it takes full-time students to complete a bachelor's degree is 4.7 years. (Complete College America)
- 64.6% of students who began at a four-year private nonprofit institution (59.5% at four-year publics) in 2003 earned a bachelor's degree within six years, and 57% earned it at that same institution (compared to 51.5% at four-year publics). (National Center for Education Statistics)

#### **OPPORTUNITY: Communicate.**

*Most colleges and universities offer educational experiences that do indeed provide beneficial outcomes for graduates. Those institutions that can bring their successful outcomes to life through stories as well as provide facts and figures to support their claims will have the edge as they prove the value and relevance of the education they provide.*

#### **TREND THREE**

## Social media is normalizing transparency.

**With the adoption of online mobile devices growing, consumers expect instant access to the information they seek. And the rise of social media platforms is allowing consumers to conduct third-party verification of any claims a college makes. Prospective students are also finding it increasingly easy to**

**conduct their college searches in a “stealth” manner, investigating institutions’ reputations via online networks, word-of-mouth recommendations, and other communication channels beyond the colleges’ direct control.**

- 40% of 13- to 17-year-olds own a smartphone device. (Nielsen)
- 14% of prospective students have viewed a college website via their mobile device; 62% of these students wanted to use it to access a college’s social media assets and 64% to watch a college’s videos. (Noel-Levitz)
- 76% of all 12- to 17-year-olds use social network sites, with those from households with annual income less than \$50,000 more likely to be social network users than those from households with annual income of \$50,000 or more. (Pew Research Center)
- 44% of prospective students have “liked” a college on a social network; 57% watch videos created by the college, and 53% read posts about the college via social media. (FastWeb)
- 61% of parents of prospective students prefer video produced by students on campus versus video produced by the college. (Cappex)
- 23% of all adults use mobile or social location-based services to get directions or recommendations based on their current location. (Pew Research Center)
- 49% of Americans believe online word of mouth is highly credible. (Word of Mouth Marketing Association)
- 57% of parents of prospective students say a bad experience on a college’s website may have some negative effect on their perception of the college, and 16% will probably drop the college from their consideration list if they don’t find what they need on its website. (Noel-Levitz)

- 27% of first-year students felt the admissions or recruitment materials didn’t accurately portray campus. (CIRP)

**OPPORTUNITY: Engage.**  
*Colleges and universities must communicate with prospective students and influencers where they already are, and today that means in social media forums. Those who can listen within these spaces well enough to deliver timely, targeted, and personalized messages in welcomed conversations will win the day.*

#### TREND FOUR

## Competition is breeding commodification.

**The pool of high school graduates is shrinking, and the segments of the population that are growing are some of the same segments that have been traditionally underserved by residential colleges: racial and ethnic minorities, adult learners, and veterans. Meanwhile, the supply side of higher education is growing, thanks to increased capacity via online courses, the rise of for-profit institutions, and new open courseware. With so many options, higher education consumers are “shopping around” for their most cost-effective option, forcing traditional colleges and universities into financial aid bidding wars.**

- The number of high school graduates peaked in 2008-09 and will decline through 2014-15, still not recovering its peak through 2020-21. (NACAC)
- Between 2009 and 2020, college enrollment is projected to increase 9% for 18- to 24-year-olds, 21% for 25- to 34-year-olds, and 16% for students 35 years old and over. (National Center for Education Statistics)

- The number of white students in grades 9-12 in the year 2020 will be 5.1% fewer than there were in 1994, while the number of Hispanic students will have increased 174% during the same period. (College Board)
- Only 17.7% of blacks and 16.6% of native-born Hispanics ages 25 and older have attained a bachelor’s degree, compared to 31.1% of whites. (Pew Research Center)
- Only 25% of all college students attend full time at residential colleges; 75% of all college students are commuters. (Complete College America)
- 38% of full-time students age 35 and older and 11% of all full-time students attend for-profit institutions. (National Center for Education Statistics)
- Between Fall 2005 and Fall 2009, enrollment at for-profit institutions increased 83.1%, compared to 13.7% at public institutions and 9% at private nonprofit institutions. (National Center for Education Statistics)
- Online enrollments increased 10.1% from Fall 2009 to Fall 2010, while total enrollment growth in higher education was only 0.6%. (Sloan Consortium)
- 51.9% of first-year students in 2010 attended a college located 100 miles or less from their home. (CIRP)
- Military and veteran students make up 4% of undergraduates; 13% of them attend four-year private nonprofit institutions, versus 9% of nonmilitary independent students. (National Center for Education Statistics)
- Half of all full-time students at four-year public and private nonprofit colleges and universities attend an institution with published tuition and fees of \$9,936 or more; only 15.3% attend an institution with tuition and fees of \$30,000 or more. (College Board)

- The average tuition discount rate for first-time, full-time freshmen at four-year private nonprofit institutions reached an all-time high of 42.4% in 2010, compared to 38% in 2005. (NACUBO)
- 56% of students at moderately selective four-year private nonprofit institutions received merit aid in 2007-08, compared to 35% at more selective ones and 28% at less selective ones. (National Center for Education Statistics)
- The percentage of grant recipients (both merit and need-based) from the top quartile of family income increased from 13% to 18% between 1995-96 and 2007-08, while the percentage from the bottom quartile of family income decreased from 41% to 37%. (National Center for Education Statistics)
- The average institutional yield rate of admitted students who enrolled was 41% in 2010. (NACAC)

**OPPORTUNITY: Differentiate.**  
*Colleges and universities only intensify their own commodification when they try to be all things to everyone. Those institutions that focus on their strengths, identify ways to meet needs specific to their market areas, and create distinction from their competitors will benefit.*

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**TREND FIVE**

**People are expressing discontent with higher education.**

**As affording college becomes an uncertainty for a growing number of people, trust in the institution of higher education as a consistently reliable investment and source of personal advancement is being diminished further by increasingly negative coverage of events related to higher education—such as athletics scandals, the low level of employment for graduates, and especially the high level of student loan debt, which along with other drivers of economic inequality has been noted and highlighted by the Occupy movement. All of this is contributing to more skepticism about and disillusionment with our higher education system.**

- Among young adults ages 26 to 34, 71% of those with a high school diploma (but not a college degree) and 65% of those with a college degree agree that “colleges are like most businesses and mainly care about the bottom line,” compared to 60% of the general public. (Public Agenda)
- 57% of Americans say the higher education system in the United States fails to provide students with good value for the money. (Pew Research Center)
- 31% of senior admissions officials at private nonprofit institutions said in 2011 they were paying more attention to applicants’ ability to pay in admissions decisions, and 19% said full-pay students were being admitted with lower grades and test scores. (*Inside Higher Ed*)
- 72% of colleges reported an increase in Early Action applications during Fall 2010. (NACAC)

- 20.7% of students seeking a bachelor’s degree require remediation; only 35.1% of remedial students earn a bachelor’s degree within six years, compared to 55.7% of all students. (Complete College America)
- While 69.5% of parents of ninth graders expect their student to attain a bachelor’s degree or higher, only 48.5% of these parents who are in the lowest quintile of family income do. (National Center for Education Statistics)
- During the past 40 years, degree attainment has increased 45% for those in the top quartile of family income and only 2% for those in the bottom quartile of family income, compared to 14% overall. (Postsecondary Education Opportunity)
- A dependent student from the top quartile of family income (above \$108,284 in 2009) was 10 times more likely to have completed a bachelor’s degree (82.4% of them have degrees) than one from the bottom quartile of family income (below \$36,080 in 2009; 8.3% of them have degrees). (Postsecondary Education Opportunity)

**OPPORTUNITY: Recommit.**  
*Most higher education institutions in America have missions to not only act as engines of economic opportunity and upward social mobility, but also to enrich lives and contribute to the common good. Those who can authentically reflect their core values will engender trust.*



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