

Marketing on the front line: August 2012

So how was August 2012 for you? Is it really true we are working in a new market driven world? In what proved to be a less volatile summer than many had predicted -- yes, things did take longer, but were the fears of many actually realised? Yes, there were some surprises, some recruited better than expected, and others did rather less well than they had hoped.

Of course, there are some big issues. Setting aside the need to monitor not just an institution's allocated student number but also the need to monitor within this the number of strategically important and vulnerable subject applicants (SIVS), there was the added complication of the ability of institutions to enrol as many students with a minimum of AAB+ at A-level, or specified equivalents the increase in fees to a maximum of £9,000 was thought to be the biggest issue. Early in August, the Minister of State for Universities and Science, David Willetts, reportedly "admitted" the number of young people on degree courses had fallen since the introduction of tuition fees, whilst pointing out there were still more applications than places. So that's all right then, apparently. A particular concern must be that this fall is in the very socio-economic groups that Les Ebdon, in his new role as Director of the Office of Fair Access, is challenging universities to address to create a more socially balanced student body.

An Oxford University published at about the same time as A-level results came out suggested applicants in England would be more cautious about their final university course decisions due to "debt wariness". But is the fear of debt really an issue? On the Market Research Forum, it was reported in August that a UCAS survey of almost 18,000 applicants (9,700 applicants 20 and under, 8,000 applicants 21 and over) 69 per cent of the young applicants said the increase in fees didn't affect their decision and 65 per cent of older applicants said the same.

Yet twelve months ago, fees was undoubtedly a 'hot topic', not quite with predictions of the end of civilisation as we have known it, but not far off. Since then, many universities, including my own, have been tracking attitudes to the increase in fees and they're finding a lack of evidence of a huge impact on applicant behaviour. In fact, there are suggestions that the increases are impacting more on the behaviour of parents. History also tells us that whilst there is an initial impact when fees are imposed or are increased, the market bounces back. At the start of my career, international students weren't charged fees; you can imagine the howls of protest when they were imposed. But where would UK HE be now without fee-paying international students?

Another expected challenge was thought to be Adjustment, described by UCAS as giving "applicants who met and exceeded the conditions of their firm choice the opportunity to choose where and what to study". The ability of all universities to recruit as many students who gained AAB+ in their A-levels was expected to enliven this. Previously students could only adjust if they could find a university with a place, but now, in theory at least, far more universities could accept such candidates.

But a week into Adjustment, UACAS was reporting only 1,353 students had been accepted through Adjustment nationally. How many universities are there nationally? The maths tells you very quickly that Adjustment was having little impact.

But then why would it? University education liaison and outreach teams and in-college teams across the country stress the importance of careful consideration of all the factors surrounding the choice of university places – it's not just where to study but where to live – and having spent many months, maybe a year or more, considering what their choices should be, why would applicants change their mind? It also contradicts buyer behaviour. If you are making a £27,000 purchase, and you have spent ages considering the pros and cons of what to buy, do you really flock to buy something different just because you have a little more cash in your pocket just a couple of weeks before you make your purchase? Of course you don't.

However, it became apparent in September that whilst some universities had expanded, others that had hoped to recruit more AAB+ students had failed to do so. And in some cases they had not even recruited the same number of AAB+ students as in 2011. Why was this?

One suggestion is that the universities which expanded are those which had a surplus of 'first choice' applicants. In previous years they had to be turned away as these universities had filled all their allocated places. In turn, these students had filled places in other universities. But in 2012, more 'first choice' applicants could go to their preferred university, leaving unfilled places elsewhere.

Another lesson from August 2012 is the UK is not a homogeneous market. Different fee regimes exist in Scotland, Wales and Northern Ireland; whilst Channel Islands students, for whom a different fees regime has always existed, are now effectively international students. North of the border, when the UK coalition government raised fees to £9,000, the Scottish government although opposed to tuition fees, allowed Scottish universities to charge equivalent fees to students applying from the rest of the UK (RUK). This made RUK students attractive to recruit, and has led to a reported 26 per cent increase in the number of RUK applicants accepted by Scottish universities, despite an eight per cent fall in applications in the UK as a whole. For those Scottish universities which had relatively few RUK universities in 2011, *de facto*, this has provided a new, and financially lucrative, opportunity.

So what are the lessons for the future? As pointed out at a panel session reflecting on experiences from last summer at CASE Europe 2012, relationship management will be ever more important, building the affinity of the applicant to the institution so they commit to your university and, come results day, your institution is their number one choice.

Interestingly, an Edinburgh University study, reported in September, suggests students will continue to choose universities based on reputation and history rather than the quality of teaching and cost. It said the idea that students now pick institutions based on factors which universities can control, like price and degree content, is "questionable". It suggested institutional hierarchies are resistant to change, so "it is unrealistic to expect any but the most powerful of interventions to have a radical impact".

So will this put a squeeze on middle and lower-ranked universities with, arguably, weaker reputations? Not necessarily, because reputation is based on an opinion, and opinions do vary. A university with a powerful profile, maybe regionally or locally, can counter reputations based purely on hierarchy. An institution's reputation may also vary between different academic subject areas. And, of course, opinions vary. It was ever thus.

My own view is that the importance of market research and market intelligence will continue to rise, helping institutions not only to improve their marketing *per se*, but also to be more analytical in reviewing their course portfolios. New opportunities will always arise; the challenge for marketers will be to have ready the evidence on which to make, and to assist with making, informed decisions. Bring it on.