

Title: **Direct response marketing of distance education**

Part 2 of 2

Date: **October 2008**

Introduction

In last month's briefing paper we explored an example illustration of how to calculate the *acceptable return* on direct response marketing expenditure for a distance learning programme. We examined how this is a fundamentally important management tool. By measuring the performance of elements in the chain, marketers are provided with indications of where problems and opportunities occur. Analysis of the numbers provides indications of where to test and drive improvements by adjusting the portfolio of marketing assets like advertising copy, product proposition statements, promotional materials, and response mechanisms in order to achieve satisfactory results.

The key point made was that unless accurate and consistent measurements are made, how can a programme marketer know if campaigns were working? There's no point in wasting money if a satisfactory return cannot be achieved.

This month, we will look at the issue of how to *allocate marketing budgets* and *measure outcomes* in an environment where the marketing practices are not necessarily geared up to implement such methods easily.

Marketing suggestions for education providers

Entering any market and competing in it requires a number of steps prior to pushing the 'go' button. Some background reading will help inform the reader and provide a contextual setting for the latter sections of this document. The CAPDM whitepaper 'Market Strategies for Distance Learning Programmes' which can be found at www.capdm.com/resources sets out the key concepts in identifying what needs to be done to attract students/learners.

At the outset of any market strategy, clear definitions about what the product is, what it does for the customer, and a rationale as to why the prospective customer should buy it in preference to a competitive offering, must be thoroughly delineated.

Once this has been done and confidence in the product, market and capability to deliver it has been built, implementation of the strategy is next. How easily this phrase slips off the keyboard! But there are some important considerations and methodological aspects of marketing for distance learning programmes.

Marketing has been defined simply as: - The management process responsible for anticipating, identifying and satisfying customer demands profitably.

For any product to be sold profitably (assuming costs are properly managed and a margin is achievable) it must be visible and available to its prospective buyer and acceptable to its user. In some cases, they may not be one and the same. Businesses or similar organisations will buy learning materials and training packages on behalf of others. But, let's assume the buyer will be the user of the product.

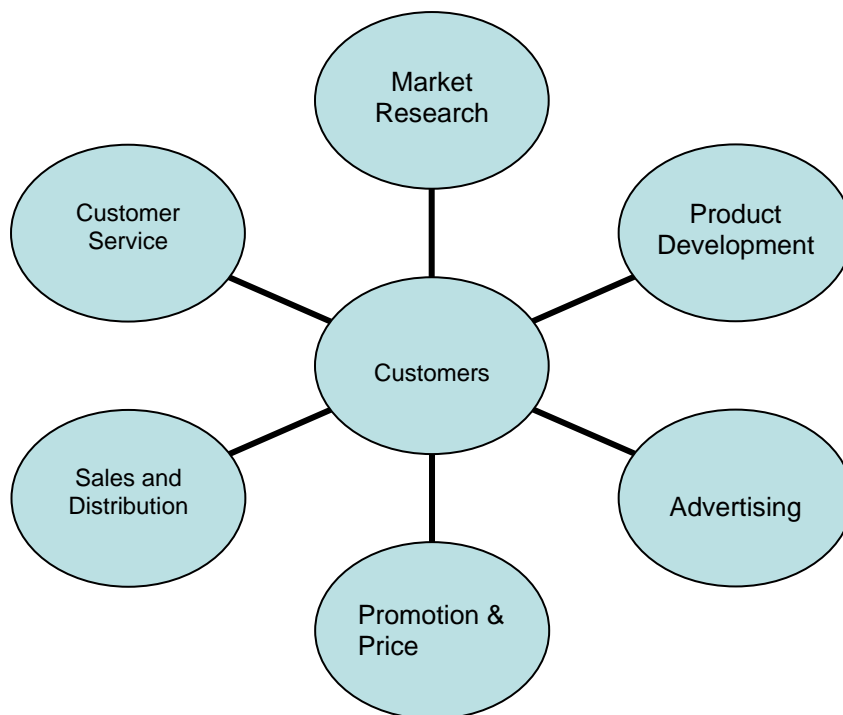
In market strategies the marketing methods and associated costs must provide a return on investment. In the highly complex and competitive distance education market it is essential to understand the dynamics and practicalities of producing such a return.

Our approach is to treat the strategy and its implementation as a business process. In last months briefing paper, we illustrated that an allowable cost for advertising and promotion of the course or programme, through to conversion should be calculated.

Having the capability to 'read the numbers' and understand what's happening to your campaign allows modification, change and adaptation and thus allocate budgets in the best way according to the objectives set.

Generic principles of marketing

Prior to commenting on marketing investments, let's explore some of the principles involved in gaining, responses and sales for products in competitive markets.



The key principles are these:

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|------------------------|---------------------------------------------------|
| • Market research | Measuring/Defining the market for the product(s) |
| • Product Development | Making and improving the product(s) |
| • Advertising | Recognition, Awareness and Response |
| • Promotion and Price | Managing responses to enrol customers |
| • Sales & Distribution | Availability: Where/How can the product be bought |
| • Customer Service | Supply, Service and Customer Satisfaction |

Marketing is an umbrella term that encompasses six separate and distinct elements: market research, product development, advertising, promotion and price, sales/distribution and customer service.

Each element must have the proper emphasis. For example: if you spend all your money on advertising but don't have a strong response management and sales mechanism then your money will be wasted. Additionally, once you have a customer it would be a shame if they dropped out of the programme because of poor servicing and relationship management, even if it is done at a distance. Integration and focus is important.

Successfully marketing and establishing a product or range of products within a portfolio relies on the marketers budget, ability to deploy it and upon the use of marketing assets in the fight to win a presence and perhaps even dominance in the selected market sector or sectors. The principles involved in this process are well established but have changed in their application over time. The internet is now not only offering marketers a massive challenge as exploiters of it as a media and communications channel, but it also has changed consumer behaviour.

As an analogy, 20 years ago consumers were pushed towards the outlet for a product purchase, i.e. a tertiary education at a college, university or training course. Today the consumer pulls and retains the information needed to inform a purchase, makes the purchase and uses educational or learning resources straight from the internet even printing the texts needed from a PDF.

Relative to the costs of TV and print advertising, the internet also offers a media channel where 'vertical' single programmes may be advertised and promoted in a way that gives it discrete and manageable virtues.

The business processes of commercial distance education provision have changed little from the days of lessons by mail and the correspondence school model. The mobile phone, the internet, email and the advent of computer based learning support resources have empowered the development of increased communication methods, opportunities, new products and how customers use them. There is an increasing complexity that has been managed effectively by most commercial providers, but despite these obvious and evident differences a very similar transaction takes place between the provider and the customer.

Commercial providers identify a demand for independent learning, and then create the course materials (products). In order to attract inquiries advertisements are placed in a variety of media from national and local press, to the inside covers of matchbooks. Responses are managed by then issuing 'promotional literature' extolling the virtues of not only the course and its associated benefits, but also the assumed advantages of the distance learning methodology, relative to the inquirers situation. Once the customer enrolled, (usually on a pay-as-you-learn instalment programme) fulfilling the obligation and getting receipts produced a return on the administration, product development and marketing costs.

Advertising

Within our market strategy, we will have completed the Market Research and Product Development work. Now we're ready to attract enrolments.

If we further examine the methods commercial providers use for Advertising; Promotion, Distribution (in the sense of access to a buying opportunity and availability of the product) and of Sales (admissions), we can assess how they might apply to other organisations wishing to become distance learning programme providers.

Where will those prospective customers be able to see the product?

If your market research indicates that there is a volume of interest in a programme, the next decision is where to advertise. Press advertising has steadily declined in its effectiveness, especially as the internet has grown.

TV was the gold mine that provided many commercial providers with a cost effective source of inquiries and enrolments. Today it is harder to make TV 'work'. As an indicator paying more than £30 per inquiry via TV is less attractive than £1.50 on a pay per click basis. Obviously driving traffic to the web site (in addition to the call centre) via TV is a good strategy, as is using inserts in magazines to create awareness.

Testing the creative content, format and placement of adverts is always necessary. Even minor changes can produce unexpected results. Surprisingly, old fashioned inserts in magazines with a suitable demographic can produce good results. Sky Magazine, Tesco Club card, and yes, even soap, have been effective for some. Changing the quality and weight of the paper used has been known in commercial education to produce and uplift on responses!

Advertising is intended to generate inquiries. There are other benefits associated with recognition and in building a presence in a market. The larger scale providers offer hundreds of courses and can make 'omnibus' advertising work well. This means featuring 'top selling' courses whilst also 'dry testing' programmes that could be developed if the number of inquiries seems worth it.

In EVERY case there must be a response mechanism that enables an interested person to register their inquiry. Prior to the internet this would normally be a phone call or a reply paid mail response.

Nowadays each advert in every media will contain a web address. It will also provide a pre-paid reply mechanism if the advert is in print. TV and radio adverts also carry the URL details. Ensuring that traffic generated by each media channel is measurable is very important. That's why the use of the ".tv" internet domain has become important. It may not be possible to know exactly which TV channel or programme caused people to click to your site, but counting the overall amount will help understand how each media is working.

With regard to measuring responses, extension codes with dedicated media matched phone numbers are essential. You need to know where responses came from. Subsequently, assessing the overall return from an advert will determine whether it's worth running a repeat campaign.

Whatever media or mix of media is chosen, the 'creative' component and the way the copy is written will determine how well it responds. For example, placing an advert into a publication or on a TV channel where the demographic profile is D, C2 and C1 will work best if the product(s) offered appeal and if the copy and style of the advert attract a response. In short it's important to address your target audience in a way they will most likely respond. Simply assuming that an advert that worked in the Guardian will do the same in GQ Magazine is risking your budget. Having an experienced direct response copy writer also helps, and your budgeting and media selection should reflect these considerations.

If your product scale is small, perhaps one programme only, it is very unlikely even if it sells for a price over £5,000 that it would be worth advertising in display sections or on TV. Why? The number of responses relative to the cost would not justify the investment. However, if there are 12 or more programmes on offer then the advert has broader appeal and might be successful.

Internet

Enrolments on distance education programmes via the internet from people who inform and decide by themselves are increasing as a proportion of the overall total. Whilst commercial providers will pay for sponsored links using widely searched terms like “home study courses” it would be unwise for any organisation offering a limited range to pay for such vaguely defined linked inquiries. Better to use the free tools from Google and others to assess the likely traffic around specific words or phrases and then see if *Search Engine Optimised* web pages provide a level of inquiries. Links are essential so providing a route to the programme pages from a ‘main site’ is important. This will be especially significant for universities.

Television

TV advertising drives responses to a web site as well as to a call handling facility. TV can work where a 60 or 90 second advert contains enough of interest to an audience suspected of being amenable to the proposition. For commercial providers this normally means day time TV. The budget will normally be used by a specialist agency that is required to place the adverts on channels where the cost per inquiry (amount spent relative to numbers of registered inquiries) did not exceed an agreed level. Sabrina the Teenage Witch and Charmed are known to be good programmes for attracting inquiries for the commercial providers. However, the programmes offered are broadly appealing to the demographic audience profile. It would be senseless to offer a Bachelors Degree in Finance, but A-Levels and courses like Health Care Assistant as part of a number of courses featured do well.

Print media

Press advertising has declined as an element of the distance learning providers’ media mix. The costs for a quarter or half page began to exceed the return as calculated months later from the fully realised results. This means that once a customer has completed a course, perhaps 18 months or longer after the ad was placed, a full picture emerges as to the benefits of the advert. This is especially true for magazine adverts where a dentists waiting room can surprisingly be a source of enrolments even a year after an advert was initially placed. Here too the rules of thumb apply. In advertising one programme, the cost of the space would be prohibitive.

Inserts and product despatch

One home study business recently printed 45 million insert cards, for insertion in magazines as diverse as Sky Magazine to TV Times throughout a year. Inserts can be used to accompany theatre tickets, credit card statements and the like. Printing and inserting high volumes of leaflets or mini brochures is very expensive. However if there are 200,000 inquiries to work on and convert, then depending on the number of subsequent enrolments and the overall return, it can be a very effective way of driving volumes into a business with the scale to manage it.

Whichever media or mix of media is selected, getting the biggest return on investment is critical. Spend money on good quality marketing 'copy', and be wise about the target demographic in relation to the campaign. Sometimes intuition is not a good thing and creative treatments and copy which you don't like turn out to be appealing and responsive. Testing is essential and measuring the responses in order to optimise your budgets value is vital if marketers are to avoid a shotgun approach and the consequential inability to understand the results.

Promotion and price

It is essential that the inquiry generated by adverts is directed to either a human being whose purpose is to enrol the customer, or that there is a subsequent follow up contact where further information and programme detail enables the interested party to act themselves.

Whatever advertising mix is used, the objective is to generate a response and to sell to it. If a personal intervention is not possible, mail and web site components must become 'silent salespeople' and provide a point of sale through an enrolment 'form' and payment making method. Getting a sale is the intention, so intend to do so.

It has been the practice of commercial distance learning providers to use a variety of media and methods to convert leads, as a registered inquiry is termed.

Print; Email; SMS text messages; Telephone and personalised letters are all used. As is the sales (admissions) department. Managing the content of these communications is as important as following up the contact.

In distance learning markets, consumers will often make a purchase without reference to the admissions team. Open access to learning should therefore be considered as to its desirability for the institution. If it is not acceptable then the promotional methods should ensure that enrolments are handled only by people who are qualified to counsel and admit the student. Accordingly the content and style of promotional communications will need to reflect this fact.

The price of any product will be a major consideration for the buyer. Old adages about selling the benefits and advantages of a product, relative to its price, are always important. But 'price' is a weapon marketers use in a number of ways to influence the overall result of a market strategy.

If you are lucky enough to work at a prestigious and world famous institution, the brand will likely enable a higher price to be charged. Forgive the analogy but if you're not in this position it is probable that price may need to be used in a way that targets those people unable to afford champagne but who understand that sparkling wine is the same thing without the label.

Following the capture of an inquiry, the goal is to convert it into a paying customer. The lead management process should always include opportunities for the lead to either enrol directly, or to contact the admission department. For businesses selling distance education this is always a sales driven resource.

Many education organisations will be uncomfortable with this. Campus or classroom based learning is the major focus and there are well established administrative processes that manage enrolments. Once the available spaces are filled, that's it. Distance learning is scalable and for this reason alone limitations associated with traditional campus based marketing must be seen as such. Direct response marketing is very different from general 'corporate' advertising and promotion.

Distribution and sales (where I can buy the product)

The famous sales training guru Heinz Goldman once stated “Nothing happens until somebody sells something”. In the days before direct response marketing, sales people were the infantry. In markets as diverse as industrial lubricants to confectionary the ability of the salesperson to convince a buyer to stock the product was a critical factor in whether a product, or brand with a range of products would become distributed widely and therefore visible and available to the consumer who purchased it. Obviously advertising by Mars and Cadburys was intended to support their stockists move product off the shelf.

In the fast moving consumer goods industry, companies with something to sell faced the need to ensure they had shelf space in supermarkets and with wholesalers. If you only had space in the Co-op but competitors were in Sainsbury's Tesco and ASDA, it would be likely they would sell more.

There is no difference in principle between fast moving consumer goods and an organisation offering courses and distance learning programmes: the wider the availability of the product the more inquiries and enrolments can be achieved.

One significant difference is the point of sale. We buy our baked beans off the shelf but how many universities enable a purchase of distance learning to be made at the point where the consumer is informed as to the product and wishes to enrol i.e. from a web site or from a piece of ‘promotional mail’ containing a direct debit mandate.

It's worth remembering that the internet provides a holistic opportunity for marketers. The prospective student customer can find the programme, decide its right for them and buy all in the same visit. As such the programme can be considered to be ‘on the shelf’, and widely distributed in the biggest supermarket in the world!

Buying direct from the provider does give the marketing campaign real teeth, if the provider is geared up to sell.

Problematically for many marketers in typically ‘non commercial’ organisations, the concept of engaging professional sales people does not sit comfortably. But, if distance education is seen as a route to widen access into any institution, then serious consideration must be given to this and a budget for trained staff ought to be a component of the overall plan.

Where and how else might a prospective student enrol?

Let's say a person in Sri Lanka or Singapore wishes to enrol on a distance learning course. The British Council provides an excellent ‘outlet’ for information and advice. The shelves are stuffed with brochures and information packs from any number of institutions. The staff at the British Council might then be considered as ‘retailers’ when an inquiry about a particular choice of programme (or access to it) is made. Their knowledge and ability to suggest an offering will be a factor in how well any programme reaches its prospective audience. However, the staff cannot enrol the student.

So, in all probability a series of communications and contacts will be started with the prospective student. If you wish to maximise the number of enrolments it is essential that with each communication a self generated enrolment is possible. For example, by mail, through email, and over the phone. Enrolments (including taking payments) by web site, phone, mail and email are important in widening distribution of the point of sale.

For some institutions this approach may be undesirable and impractical. None the less, objectivity requires that the processes and methods used in the acquisition of paying customers are clearly understood and managed in context with a market strategy to succeed in the (profitable) provision of distance learning.

Conclusion

So, what can we conclude about the direct response marketing of distance education?

- It is distinct from normal 'corporate' advertising and promotion efforts.
- It requires quantitative management tools to provide continuous monitoring of allowable marketing spends and the measurement of performance.
- It is an integrated series of processes that combine. Each component must be made to be productive and pay for itself discretely.
- The purpose of marketing is to sell, and not simply to passively inform. During the lead management phase of a campaign provide the prospective customer with a way to buy.
- Media selection may be determined by limitations on the number of products available to advertise in any 'space'. Space costs money: TV; print and inserts for example can only work for the marketer if there is sufficient volume and revenue to pay for it.
- The internet offers a competitive but interesting 'space' where it is possible for an advert, the product proposition, advantages, price and enrolment mechanism to be distributed most widely at lowest cost.
- Direct response marketing means exactly "what it says on the tin". Unless marketers are resourced to maximise opportunities to influence and convert a lead into a paying customer, then it would be unwise to think a strategy will work without the requisite know how and tools.
- Distance education is surely intended as a means to produce incremental opportunities for many organisations entering (or active) in the sector. Accordingly it may be necessary for some organisations to respect that in opening the doors to a wider franchise, traditional attitudes and methods may not accord with commercial imperatives.
- Implementing a market strategy successfully, as we define it, may be jeopardised if marketers are unable to fully manage the processes that influence the outcome.

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