



College admissions Retail marketplace or special case?



Exploring Admissions Part 4

Researcher, focus group moderator and admissions explorer Tom Robinson reflects on the journey to date.

BY TOM ROBINSON

Does collegiate admissions mirror the commercial marketplace? Do universities “sell” their educational offerings, and students “shop” and ultimately “buy” their educations and degrees in a rational manner?

Some behavior we have observed so far defies that notion. For example, much of the high-school-senior-to-undergraduate freshman segment is a lopsided seller’s market where thousands of undergraduate applicants line up for hundreds of available openings. No matter the demand, supply does not appreciably change. Consequently, many willing buyers settle for less desirable choices.

Often unsure of what they want, high-schoolers willingly negotiate a gauntlet of admissions requirements. They and their parents are usually willing to pay top dollar for an educational experience with an uncertain outcome. Yet they often emerge confused about the selection process and even suspicious about the college seller.



Here is the real reason why: *Undergraduate buyers and sellers don't understand each other.* A cloak of ignorance brings out the worst in each other as business partners.



More familiar marketplace conditions exist in graduate school admissions. University offerings are specific and relevant for a more discerning, experienced buyer with a clear-cut need.

I personally discerned a "precision" in the graduate admissions process, a more direct meeting of the minds.

If the goal is to put a round peg into a round hole, improving the win-win quotient among buyer and seller, what have we learned by studying shopping and buying in two admissions marketplace segments? Is grad school admissions better because it more closely mirrors the real world of retail commerce? I think so.

What has improved by graduate school?

The deal itself has gelled. Graduate school shoppers have in clear focus what they really want from the seller. They have formulated very specific career objectives with laser-like precision. They know which schools and academic offerings offer the best shot at their career objective. They know the school rankings. They know which cities offer desirable prospects for a job and a life during and beyond school. They are capable shoppers indeed.

Many of them have Excel spreadsheets worthy of a Fortune 500 business plan replete with expected salaries, education costs, and hence the expected return on their investment. They are rational shoppers indeed.

The seller contributes to the rationality with a sharper focus. A graduate or professional school is not trying to be all things, but makes clear, concise offerings. With faculty involved in the admissions process, there's less

incentive to receive ten times more applications than available seats. Graduate school pricing is more straightforward and mostly devoid of the 'airline-ish' discounting employed at the undergraduate level. Graduate financial aid is purposeful, lacking many of the taxpayer subsidies, and the consequent forms and regulatory tedium.

Grad school shopping is a challenge, not a gauntlet. In earlier installments we likened the undergraduate admissions process to a gauntlet. For graduate school applicants some of the heavy lifting remains. There are still applications to prepare and essays to write. Application fees are expensive, often more so than undergraduate fees. Onerous SATs and ACTs have been replaced with onerous GREs and LSATs. The cost of trips to far away schools is still high, and now the shopper is likely spending his or her own money, not mom's and dad's.

But high-achiever graduate school applicants find ways to get a leg up. Some reduce the shopping to the barest essentials, by schmoozing their way to admission at their undergraduate university's graduate school. Others master smart-shopper tactics such as learning that the same degree that takes three years at School A can be earned in two years at School B. It's a gauntlet; but for grad school, it's *gauntlet lite*.

Why the difference?

So, collegiate undergraduate admissions (high school senior to college or university freshman) does not transpire like an ordinary retail transaction, while the graduate admissions experience almost does. Here is the real reason why: *Undergraduate buyers*

and sellers don't understand each other. A cloak of ignorance brings out the worst in each other as business partners, obscuring both parties' aims and creating a blind man's game of connect the dots.

When a seller is unaware of what a buyer wants, he defaults to a hit-or-miss, let's be all-things-to-all-people stance, hoping to catch his fair share of the business.

A shopper who is unsure of what he wants is not in a good position to discriminate among alternatives, make smart choices or even come close to driving a hard bargain.

An everyday retail illustration

It may be illustrative to liken undergraduate college shopping to wandering through a mall, window-shopping for something that might strike a chord. Do you like the University of Gap? J. C. Penney College? The Old Navy Academy?

Meanwhile, a seller who knows what buyers in a particular segment of the market are looking for can narrow his offerings, excel at a specialty, and communicate pertinent features and benefits to entice shoppers with real value. Buyer and seller often become aligned by such seller behavior in the retail marketplace. Win-win. Dots connected.

Meanwhile, while browsing the mall stores, what if you must fill out an application in each store and pay \$50? Then wait several months to be told whether or not you qualify to make a purchase there. By the way, if you do get to try on some clothes, they'll be quite expensive and they may not come in your size. No, you can't return them. That would not be very consumer-friendly would it?



EXPLORING ADMISSIONS PART 4: RETAIL MARKETPLACE OR SPECIAL CASE?



The question is: how strongly do sellers desire to satisfy buyer preferences in a lopsided seller's market?

Flunking the communications test?

Yes, graduate school sellers and shoppers are more aligned. But a sizeable information chasm still separates them. The gap between undergraduate colleges and their undergraduate prospects is even greater. That's what "branding" is all about. Do shoppers know what a university is, and what it stands for? Can they link that brand knowledge to their needs and wants rationally and emotionally?

School web pages are hard-information-packed, but light on subjective information that might help a shopper get a feel for the culture and climate. When you're all things to all people, the target audience is all people. Presenting a narrower, more distinctive brand image is scary when a webmaster doesn't have a specific target audience.

Despite the rigor of the collegiate undergraduate admissions process,

we have not yet heard a consumer tell us he or she understands the texture and timber of the schools they shopped.

Data and metrics can help

Retail sellers today have access to sophisticated databases that can tell them what magazines customers read, what their leisure interests are, what type of pet they own, whether they go to church on Sunday and who they voted for. For many marketers that same database may include name and address, what and how often they purchase, credit card usage, their favorite color and when they will be back to buy again.

Such metrics are fuel for customer relationship management or CRM. With intelligent use of CRM, the relationship between buyer and seller is better managed because a) the seller is motivated to satisfy buyer preferences, and b) the seller can use metrics to deduce what a buyer might like.

A service pioneered by Amazon.com is a great example. 'If you like this book, you might like this other book.' Another good example of buyer preference awareness is employed by an automaker: 'since you don't like to haggle, come visit a Saturn dealership.'

The question is: how strongly do sellers desire to satisfy buyer preferences in a lopsided seller's market? As a researcher and marketer, I am confounded—and frankly disappointed—that the collegiate marketplace is so comparatively crude in comparison to so many others. It's especially disappointing when one considers the importance of a college education, the enormous cost and the profound effect it has on people's lives.

Is the sale well-financed?

In the airline pricing model, even if there is a sticker price, few customers pay it. This is a fact of collegiate undergraduate school shopping as well. In focus group after focus group, shoppers acknowledged the price game but expressed mystification over the rules. In the Atlanta groups, students and parents were

gladly riding the perfect wave of Hope scholarships, but price anxiety was high in Philadelphia and Dallas.

When it comes to financing the purchase, the student loan industry is partially represented on a tidy list from the financial aid office. Loans are the currency of graduate school. Among rational high-achiever grad students, a six-figure debt incurred before starting out in life calculates out okay. But more naïve undergraduate collegiate shoppers seem to be playing with Monopoly money.

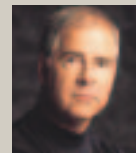
Many of the financial aid administrators we met with believe they are working hard on the student's behalf. In fact, students and parents exhausted by the admissions process appreciate a loan transaction made easy by a list or a recommendation from a university financial aid office.

However, many consumers told us one of their greatest frustrations before and after the sale is a financial aid office that's understaffed, or staffed with well-meaning but ineffectual student workers.

My own experience as a parent with a child attending a direct-loan school tells me I didn't get the best loan deal available. And in most of our undergraduate focus groups, appreciation for the financing was exceeded by cynicism about the loan business. It's very likely that the buyer cynicism generated by a lopsided collegiate seller's market spills over to the providers of below-market financing as well.

Now on to further explorations

We've all found the journey fascinating thus far. We appreciate the opportunity to pause and collect our thoughts in this installment. Please consider this article to be a presentation of interim findings. Subject to further exploration. We do not want to prescribe or repair. Not yet anyway. ■



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