Sparkroom

Q2 2017 HIGHER EDUCATION INQUIRY GENERATION REVIEW

sparkroom

About the Data in this Report

The data in this report is derived from aggregated higher education industry inquiries and is the data processed through and stored within Sparkroom performance marketing technology. All conversion data is based on last-click attribution. The data has been normalized to account for changes that do not reflect inquiry generation trends, altering previously published statistics in some cases. For additional details, see the disclosure at the end of this report.

Overview

The *Sparkroom Q2 2017 Higher Education Inquiry Generation Review* covers trends in the inquiry generation and student acquisition activities of higher education institutions for the period of January 2015-June 2017, with an emphasis on April-June 2017. The following topics are featured:

1. Inquiry volume trends
2. Conversion rates
3. Media channel performance
4. Degree-level distribution
5. Program distribution

The objective of this review is to provide a snapshot of education-specific marketing evolution and highlight trends to help marketers better understand and adapt to the continually changing landscape.

Report Highlights

Inquiry volume decreased slightly in Q2 2017, but overall data shows volume maintained an upward trajectory since 2015. Share of voice (SOV) for online and campus-based programs remained neck and neck, with volume share evenly split in Q2 2017. Meanwhile, conversion rates dipped somewhat, with the biggest falls in campus-based programs.

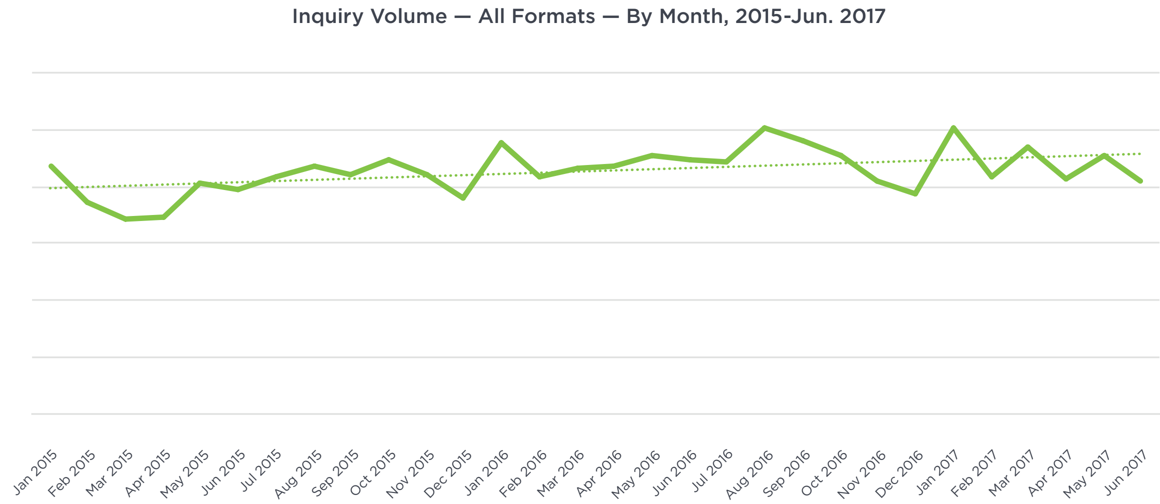
The share of third-party leads was up once again, as it continued a positive growth pattern from Q3 2016. Third-party leads also showed an up-tick in conversion rates (CVR), while the average first-party CVR dropped. Among all third-party leads, hot transfers drove the best performance (measured in cost per conversion), and internal website held steady as the strongest source of all first-party leads.

Half of all leads generated were for bachelor's or associate programs. Both of these degree levels showed rising share of volume in Q2 2017. Meanwhile, the top five program categories all preserved their positions from Q1 2017. In the top spot, the health category generated 43% of all leads in Q2 2017. In second place, the business category brought in an additional 17% of all leads.

1. Inquiry Volume Trends

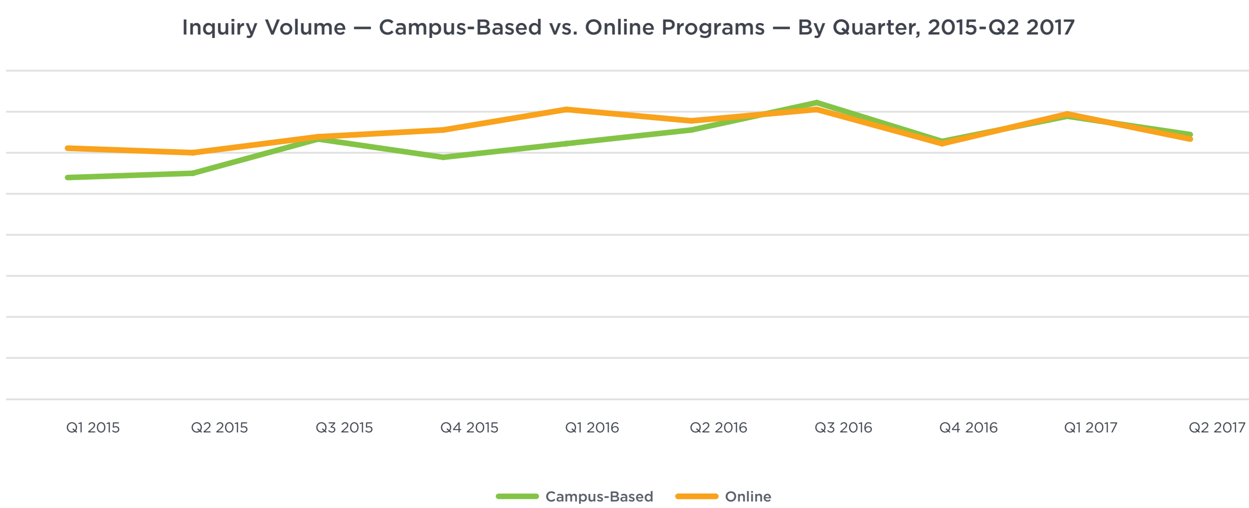
Inquiry volume trajectory has been on an upward trend since 2015. Inquiry volume across all programs was down slightly in Q2 2017, with a 4.4% drop compared to Q2 2016. But positive gains were experienced across a longer-time duration, as shown with the 11.3% rise compared to Q2 2015.

Fluctuations at the end of 2016 and into 2017 may be due to the change in political administration and the expected revisions to education policies and regulations.



Inquiry Volume for Campus-Based vs. Online Programs

The sustained struggle for inquiry volume leader between campus-based programs and online programs swayed in favor of online for most of 2015 through the first half of 2016. In May 2016, a shift occurred with campus-based programs bringing in more volume than online programs. Since then, it's been neck and neck, with the program formats going back and forth in terms of who has the lead on share of volume. Share of volume was almost evenly split in Q2 2017, with campus-based programs grasping the slightly greater share of 50.3%.



2. Conversion Rate Trends

Conversion rates for both campus-based and online programs have been steadily declining since Q3 2016. It is likely that a variety of combined factors have contributed to this decrease, including but not limited to market saturation and decreased quality in inquiry capture.

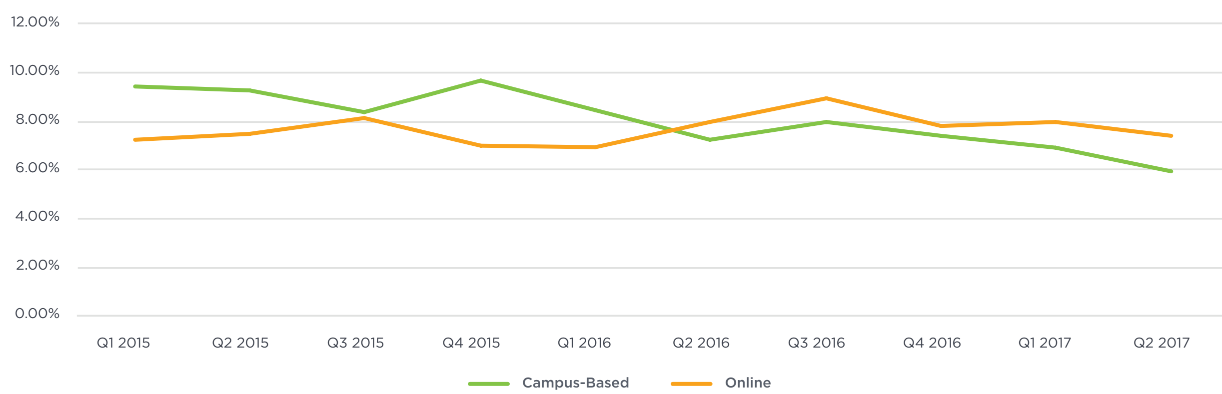
The average CVR in Q1 2015 was 8.3%. Since then, the CVR underwent a gradual decrease to 7.7% in Q1 2016 and then to 7.4% in Q1 2017. For Q2 2017, the average conversion rate was 6.7%, with additional maturation to come.[1]

Conversion Rates for Campus-Based vs. Online Programs

Campus-based programs were at the root of the decline. The campus-based CVR was 6.9% in Q1 2017. This rate was significantly lower than the 8.5% CVR in Q1 2016 and the 9.5% CVR in Q1 2015. When data for this report was pulled in mid-August, the campus-based CVR for Q2 2017 was 5.9% and on track to achieve parity with the prior quarter.

In comparison, CVRs for online programs have been much more steady. Even though the overall trajectory for online CVRs was down from its peak of 8.9% in Q3 2016, the first half of 2017 showed the potential for this trend to be reversed. The Q1 2017 CVR for online programs was 8.0% — up from 6.9% in Q1 2016 and 7.2% in Q1 2015. The Q2 2017 CVR for online programs was 7.4%, already equal to the Q2 2015 CVR and on track to achieve or surpass the Q2 2016 CVR of 8.0%.

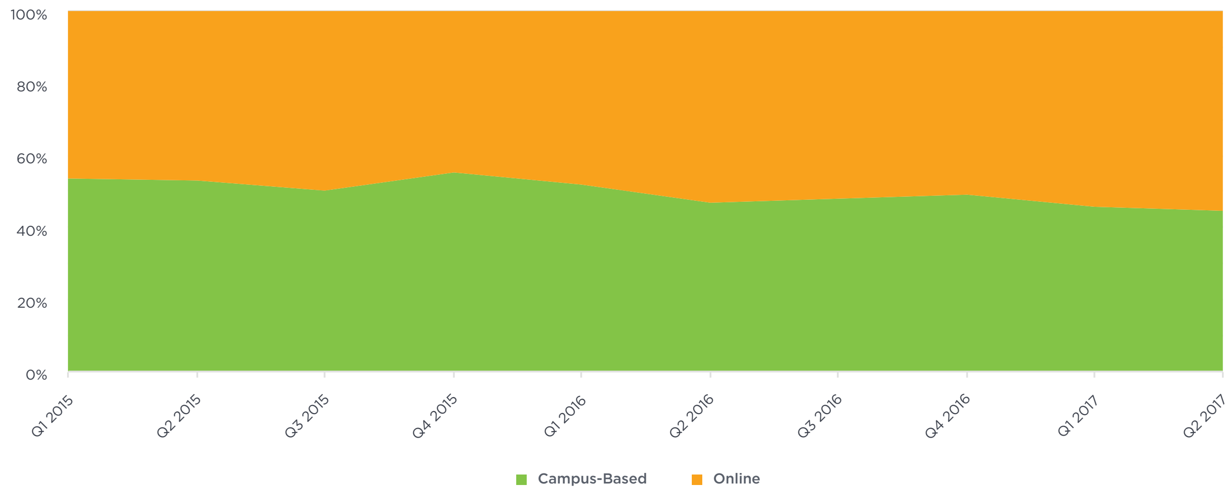
Average Conversion Rate — Campus-Based vs. Online Programs — By Quarter, 2015-Q2 2017



With inquiry SOV evenly split between campus-based and online programs, the changing CVRs impacted the share of conversions. In Q2 2017, 55.5% of all conversions were for online programs. Compared to 53.4% in Q2 2016 and 46.9% in Q2 2015, the online SOC has seen unmistakable growth.

According to U.S. Department of Education data, the number of online students (those enrolled in at least one online course) grew from 1.6 million in 2002 to 5.8 million in 2014. Due to model adoption by large, stable brands with consumer affinity, we believe the confidence in online quality and reliance in online format has continued to advance.

Share of Conversions — Campus-Based vs. Online Programs — By Quarter, 2015-Q2 2017

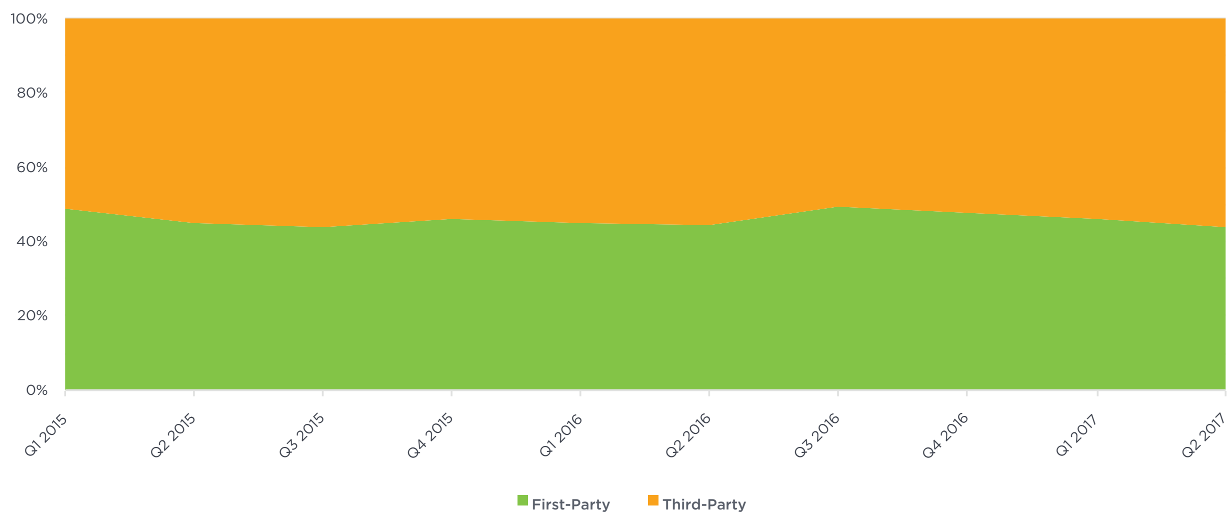


3. Media Channel Performance Trends

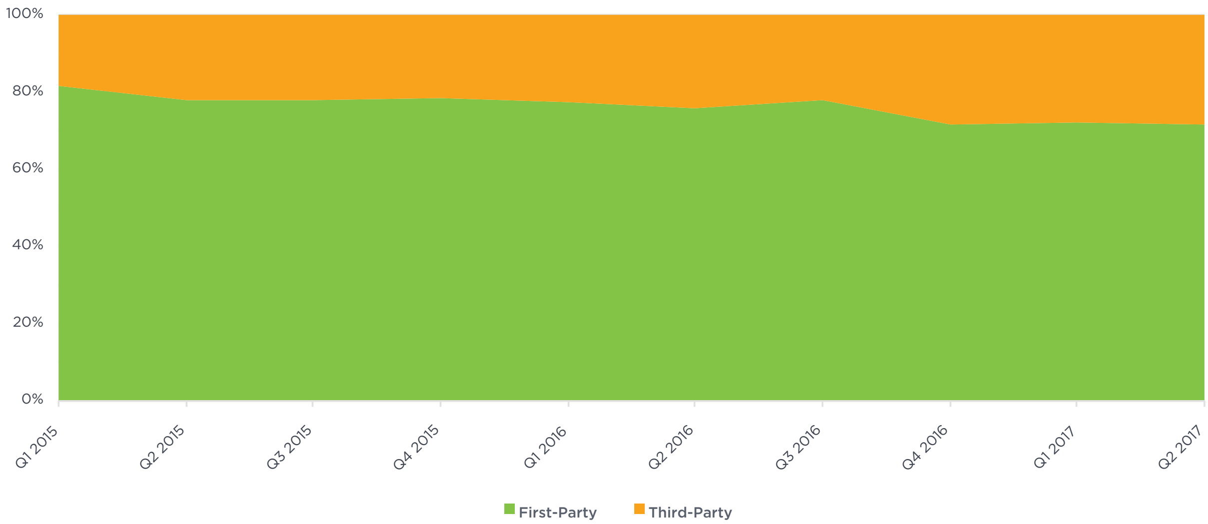
For Q2 2017, third-party leads represented more than half (55.9%) of all leads generated. Moreover, the share of third-party leads was up each quarter since Q3 2016.

Although inquiry volume was fairly evenly split between first- and third-party sources, the same cannot be said for conversion volume. Almost three-quarters (71.8%) of all conversions in Q2 2017 were from first-party sources. Though SOC was down (from 76.1% in Q2 2016 and 77.9% in Q2 2015), the delta between first-party SOV and SOC remained significant.

Share of Inquiry Volume — First-Party vs. Third-Party Leads — By Quarter, 2015-Q2 2017



Share of Conversions — First-Party vs. Third-Party Leads — By Quarter, 2015-Q2 2017



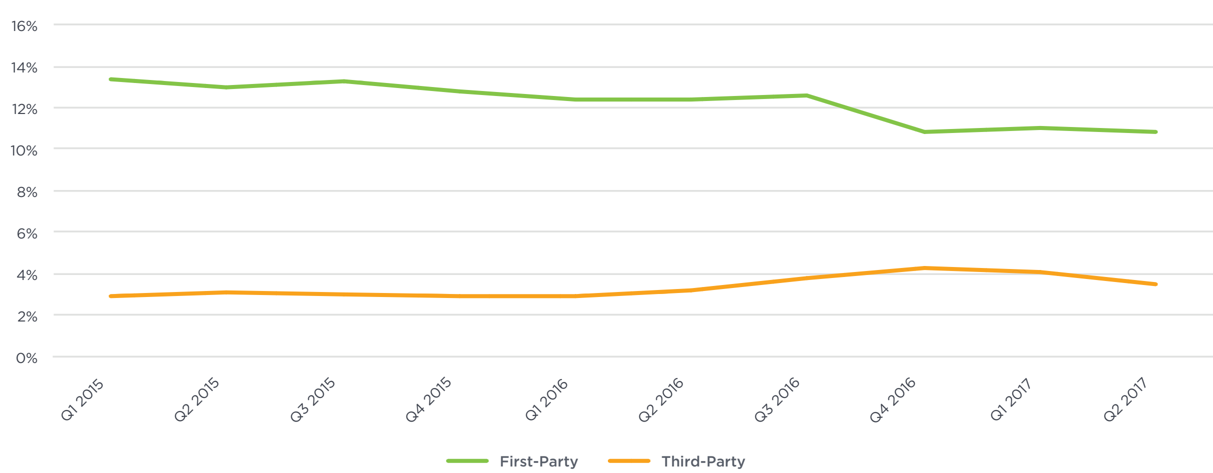
Third-Party Performance

Third-party performance quality has improved, as shown through climbing conversion rates. Compared to 2.9% in both Q1 2015 and Q1 2016, the Q1 2017 conversion rate was much higher at 3.6%. When the data was pulled for this report, the CVR for Q2 2017 was 3.4% — already higher than the 3.1% CVR for Q2 2016, with additional maturation still anticipated.

First-Party Performance

Although first-party conversion rates remained at the top of the class, performance weakened. In Q1 2017, the first-party CVR was 11.0% compared to 12.4% in Q1 2016 and 13.4% in Q1 2015. For Q2 2017, the CVR rate was 10.9%, with additional maturation to come. Even though it seems certain to surpass the Q1 2017 conversion rate, the Q2 2017 CVR will likely fall short of the 12.4% CVR from Q2 2016.

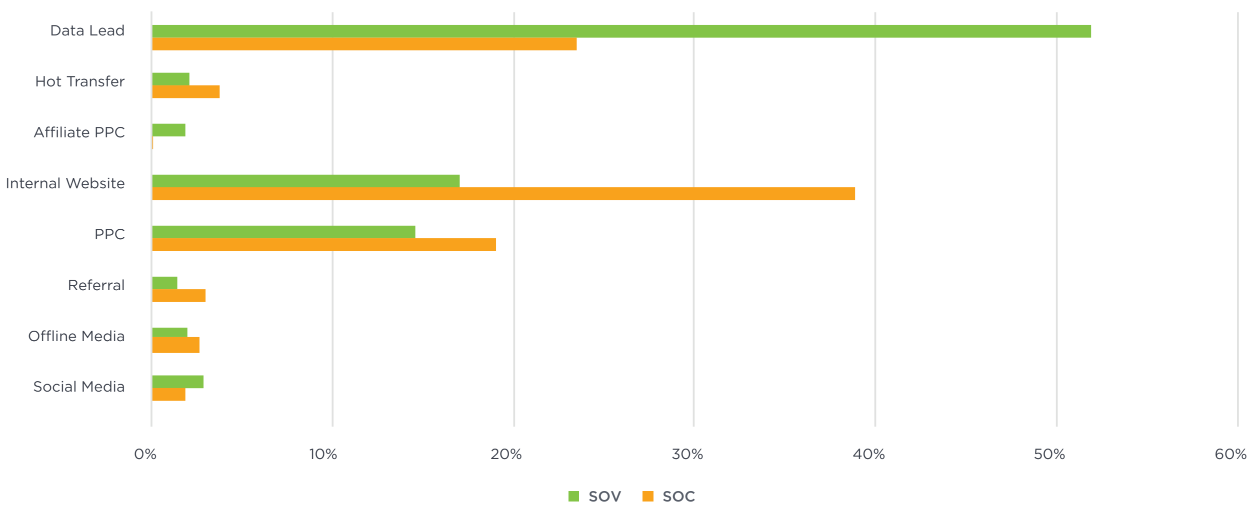
Average Conversion Rates — First-Party vs. Third-Party — By Quarter, 2015-Q2 2017



SOV, CVR and SOV — By Channel — 2016 vs. Q1 2017 vs. Q2 2017

	2016			Q1 2017			Q2 2017		
Media Channel	SOV	CVR	SOC	SOV	CVR	SOC	SOV	CVR	SOC
All Third-Party	**53.34%**	**3.32%**	**23.90%**	**53.85%**	**3.60%**	**27.63%**	**55.91%**	**3.22%**	**28.21%**
Data Lead	50.42%	3.05%	20.69%	50.13%	3.21%	22.86%	51.95%	2.98%	23.18%
Hot Transfer	1.89%	10.52%	2.68%	2.12%	12.54%	3.77%	2.09%	12.00%	3.77%
Affiliate PPC	1.02%	3.86%	0.53%	1.61%	4.35%	1.00%	1.87%	4.49%	1.26%
All First-Party	**46.66%**	**12.11%**	**76.10%**	**46.15%**	**11.03%**	**72.37%**	**44.09%**	**10.86%**	**71.79%**
Internal Website	19.70%	15.97%	42.35%	18.50%	15.08%	39.66%	17.02%	15.03%	38.37%
PPC	13.81%	9.43%	17.54%	14.29%	8.92%	18.12%	14.62%	8.57%	18.78%
Referral	2.10%	10.68%	3.02%	2.40%	8.19%	2.79%	1.41%	13.84%	2.94%
Offline Media	1.77%	12.07%	2.88%	1.98%	11.88%	3.34%	2.00%	8.77%	2.63%
Social Media	2.84%	4.09%	1.56%	2.43%	4.25%	1.47%	2.86%	4.41%	1.89%
Event	1.68%	6.40%	1.45%	2.53%	3.33%	1.20%	1.66%	4.35%	1.09%
Email	0.60%	11.22%	0.90%	0.60%	8.69%	0.75%	0.44%	11.69%	0.78%
PPC – Inbound Call	0.15%	14.76%	0.30%	0.14%	14.92%	0.30%	0.19%	15.08%	0.43%
Inbound Phone	0.19%	12.13%	0.30%	0.23%	9.97%	0.32%	0.19%	10.63%	0.31%
Display	0.53%	2.90%	0.21%	0.36%	4.56%	0.24%	0.30%	5.30%	0.24%
All Other	3.29%	12.57%	5.58%	2.69%	10.96%	4.19%	3.39%	8.57%	4.36%

SOV vs. SOC — By Channel — Q2 2017



Third-Party Data Lead Volume, Performance & Price

Third-party data lead sources generated more than half of all leads from Q2 2015 through Q2 2016. The SOV slipped below 50% in Q3 2016 and Q4 2016, but it has since rebounded. With persistence, the third-party data lead SOV increased from 47.4% in Q3 2016 to 50.1% in Q1 2017 and to 52.0% in Q2 2017.

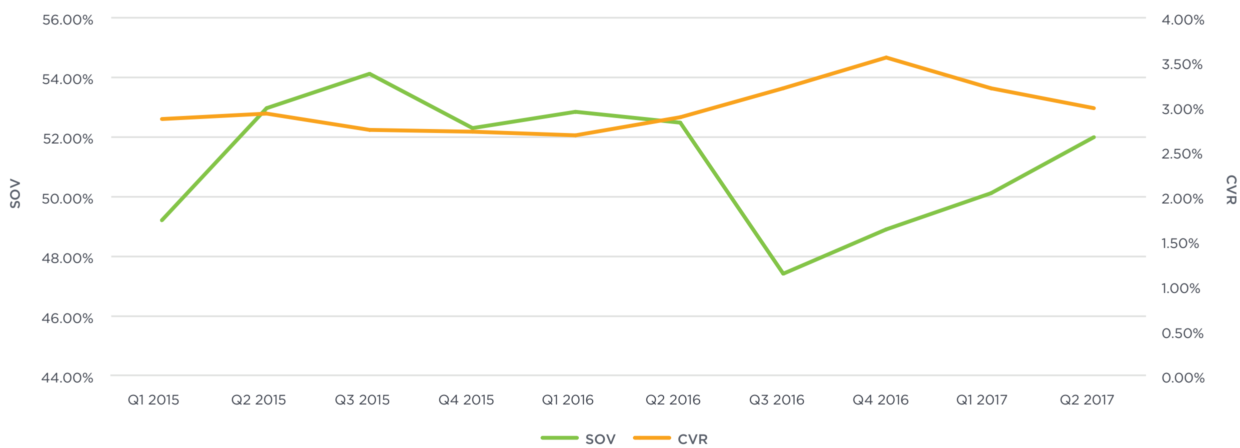
Third-party data lead volume has not followed the same trajectory. Despite nearly equating to Q2 2016 on a SOV basis, affiliate data lead volume was down 15.1% in Q2 2017 compared to Q2 2016.

The SOC for third-party data leads fell far short of the SOV for this lead type. With a CVR of 3.2% in Q1 2017, third-party data leads accounted for only almost one-quarter (22.9%) of all conversions. Though remaining sub-par compared to other lead sources, third-party data lead CVRs have been climbing. Third-party data lead conversion rates were below 3% from Q1 2015 to Q2 2016 before ascending to 3.2% in Q3 2016 and then to 3.6% in Q4 2016. The Q1 2017 CVR of 3.2% was disappointing but hopefully just a one-quarter dip. The Q2 2017 CVR was 3.0% when the data for this report was pulled, with additional maturation to come.

The average cost per inquiry (CPI) for third-party data leads climbed every quarter from Q2 2015 ($34.00) to Q2 2017 ($42.21). The average CPI for data leads was 8.2% higher in Q2 2017 compared to Q2 2016 and 24.2% higher than Q2 2015. Despite this mounting CPI, improved performance (as measured by CVR) is keeping the cost per conversion (CPC) down. In Q1 2017, the average CPC for third-party data leads was $1297.82 — down 10.2% from Q1 2016.

We believe the CPI inflation is the result of schools optimizing their campaigns to focus on higher-quality channels, traffic and vendors, even at the cost of higher-priced leads. The reduced average CPC for third-party data leads demonstrates the effectiveness of this strategy.

Affiliate Data Leads — SOV vs. CVR — By Quarter, 2015-Q2 2017



Third-Party Hot Transfer Volume, Performance & Price

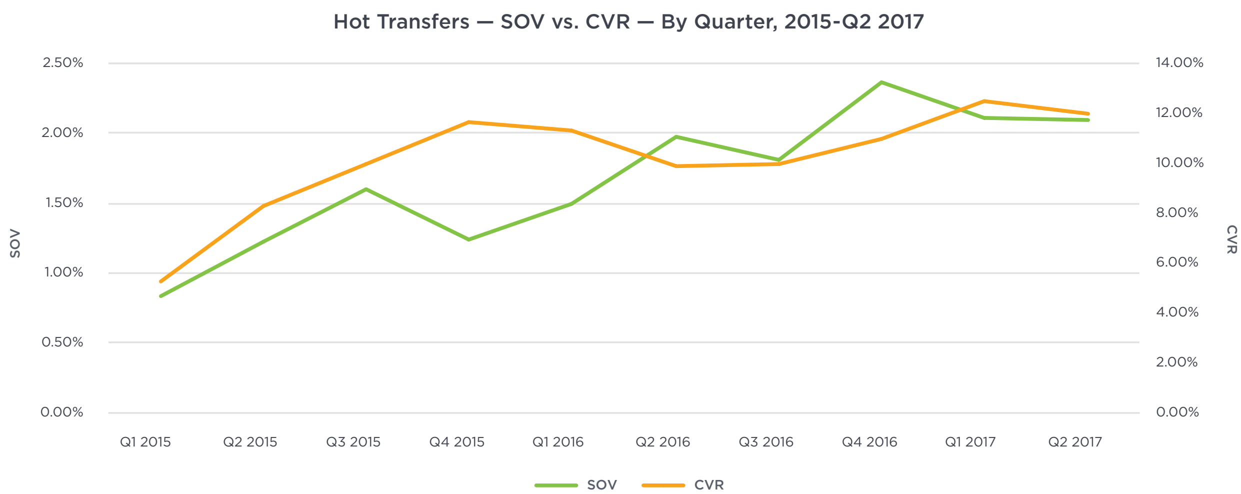
Hot transfer SOV grew every quarter from 1.2% in Q4 2015 to 2.4% in Q4 2016. SOV then adjusted down to 2.1% in Q1 2017 and held steady in Q2 2017. Although SOV was flat, from Q1 2017 to Q2 2017, hot transfer volume dropped 9.9%.

The CVR for hot transfers has been increasing every quarter since Q2 2016. The best CVR (12.5%) for the 2015-2017 period was achieved in Q1 2017. In Q2 2017, the CVR was 12.0%, with additional maturation expected. These strong conversion rates make hot transfers the best performing of all third-party lead channels. The conversion rates for hot transfer leads even dominated all first-party channels, excluding internal website and PPC inbound call.

The average CPI for hot transfer leads climbed every quarter from Q3 2015 to Q3 2016, and then it declined every quarter from Q3 2016 to Q2 2017 when it hit $95.04. Despite the up and down fluctuations, the Q2 2017 CPI represented a significant increase over Q2 2016 and Q2 2015 prices (up 9.5% and up 25.5% respectively).

The CPC for hot transfers has wavered as well. CPC was $760.45 in Q1 2017. This was up 5.0% from Q1 2016 but down 63.9% from Q1 2015. Due to a far superior CVR, in Q1 2017, cost per hot transfer conversion was 41.4% lower than the cost per affiliate data lead conversion.

The enticing performance metrics of hot transfers bring the 2.1% SOV into question. Though the SOV has grown over time, the limited supply of high-quality hot transfer leads makes this channel hard to scale. In addition, many schools are unable to accept hot transfer leads due to operational restrictions related to handling inbound calls.



Affiliate PPC Lead Volume, Performance & Price

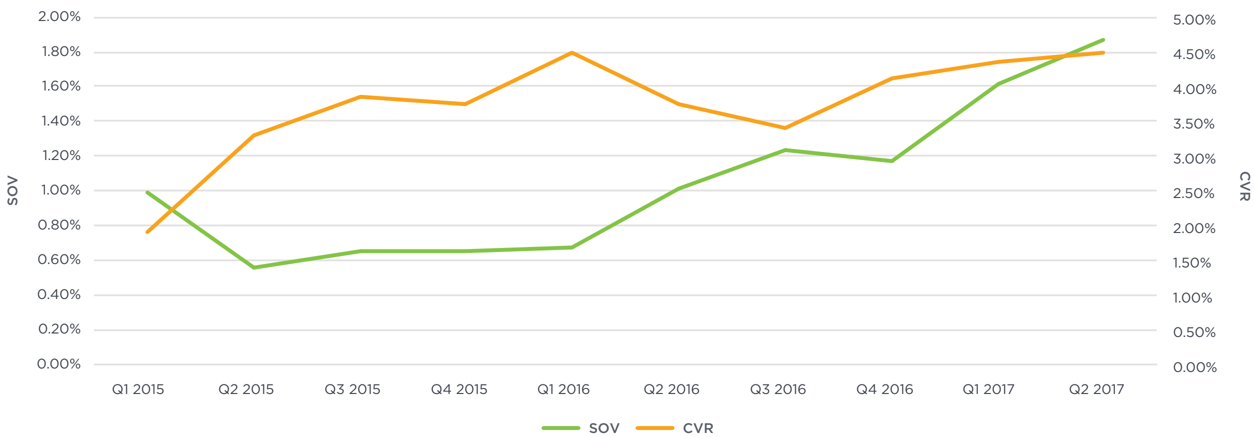
The share of volume for the affiliate PPC channel has been climbing since Q2 2015. The 1.9% SOV for affiliate PPC leads was up from 1.0% in Q2 2016 and 0.6% in Q2 2015. Looking at straight volume, Q2 2017 was 57.9% above Q2 2016 and 209.2% higher than Q2 2015.

Affiliate PPC conversion performance has been up and down. Prior to Q3 2016, the CVR for this channel exceeded 4% only once (in Q1 2016). The affiliate PPC CVR for Q1 2017 was strong at 4.4%, and the CVR for Q2 2017 was even stronger at 4.5%, already matching the CVR from Q1 2016 and expected to rise as leads mature.

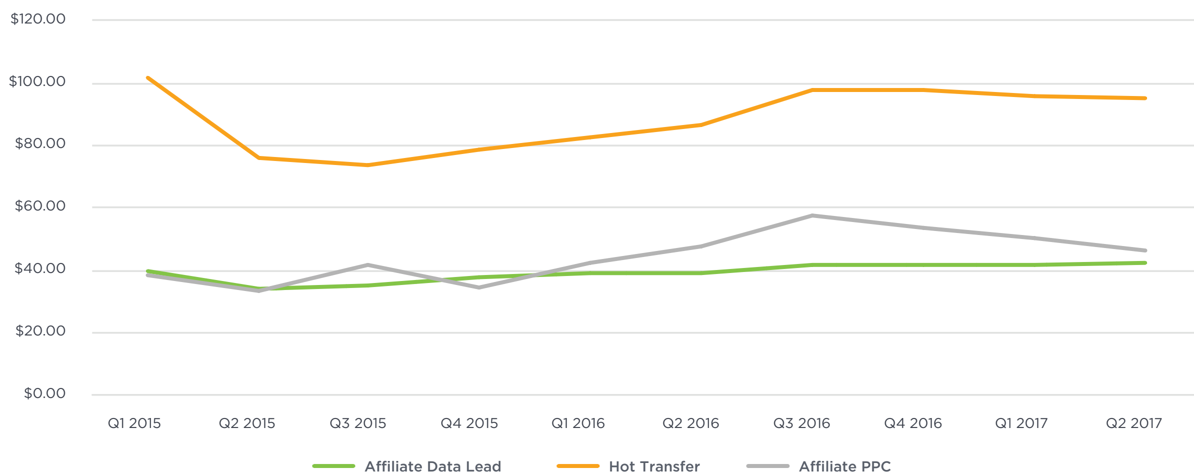
Affiliate PPC CPIs have oscillated. In Q2 2017 the average CPI was $46.00 — down 8.1% from Q1 2017 but up 38.1% from Q2 2015.

The average cost per conversion for affiliate PPC leads in Q1 2017 was $1,430.85, a remarkable 10.3% higher than the CPC for affiliate data leads. But Q2 2017 showed a shift in the cost comparison story. The CPI for affiliate PPC leads was down QOQ and the conversion rate was already up QOQ when data was pulled. As a result, the CPC for affiliate PPC leads was down to $1251.93 in Q2 2017 — 9.4% below the CPC for affiliate data leads in the same quarter.

Affiliate PPC — SOV vs. CVR — By Quarter, 2015-Q2 2017



Average CPI for Third-Party Leads — By Channel — By Quarter, 2015-Q2 2017



CPI, CVR and CPC — By Channel — Q1 2017

Channel	Q1 2017 Average CPI	Q1 2017 Average CVR	Q1 2017 Average CPC
Affiliate Data Lead	$41.89	3.21%	$1,297.82
Hot Transfer	$94.49	12.54%	$760.45
Affiliate PPC	$50.05	4.00%	$1,430.85

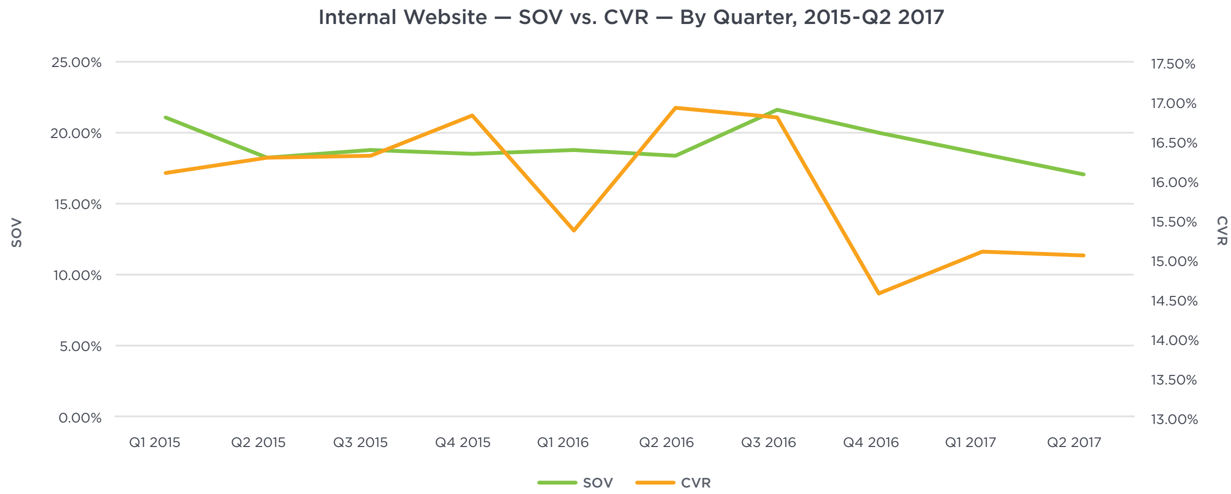
Internal Website Lead Volume & Performance

The SOV for internal website leads was between 18% and 22% for 2015 through the first quarter of 2017. For Q2 2017, internal website SOV dipped below 18%. Internal website volume was also down, with a 16.2% QOQ dip and a 20.5% YOY fall.

Always strong, the CVR for internal website leads was above 16% for all but one quarter from Q1 2015 through Q3 2016. In Q4 2016, the average CVR for internal website leads plunged to 14.6%. The Q1 2017

CVR boomeranged to 15.1%, and the Q2 2017 CVR is on track to surpass that. But the internal website SOC still declined. It was 39.7% in Q1 2017 compared to a 42.4% SOC for 2016.

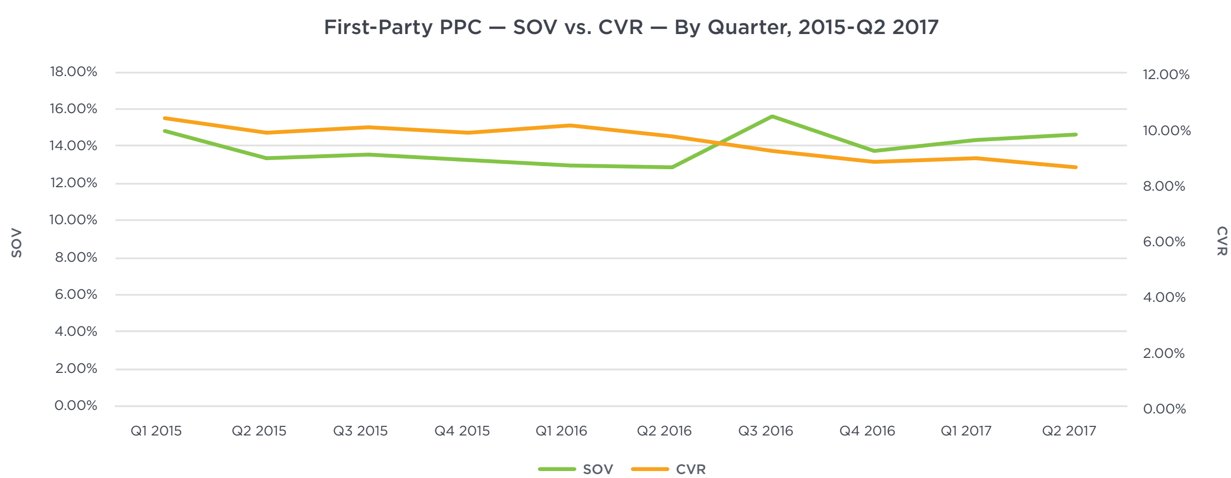
Reduced volume combined with better CVRs indicate that brands are attracting prospects with a higher propensity to convert on their websites.



First-Party PPC Lead Volume & Performance

Currently on an upward trajectory, the first-party PPC SOV had a slight up-tick in Q2 2017 to 14.6% compared to 14.3% in Q1 2017. Meanwhile, the CVR for first-party PPC leads has been gradually slipping, with significant ups and downs from quarter to quarter. In 2015 the first-party PPC CVR was 10%, but it was just 8.9% in Q1 2017. The SOC from first-party PPC leads for Q1 2017 was 18.1%, compared with 17.5% in 2016.

When SOV is up and CVR is down, it may indicate the point of diminishing returns. Although conversion rates are still strong for the first-party PPC channel, brands should closely monitor performance including cost per conversion.



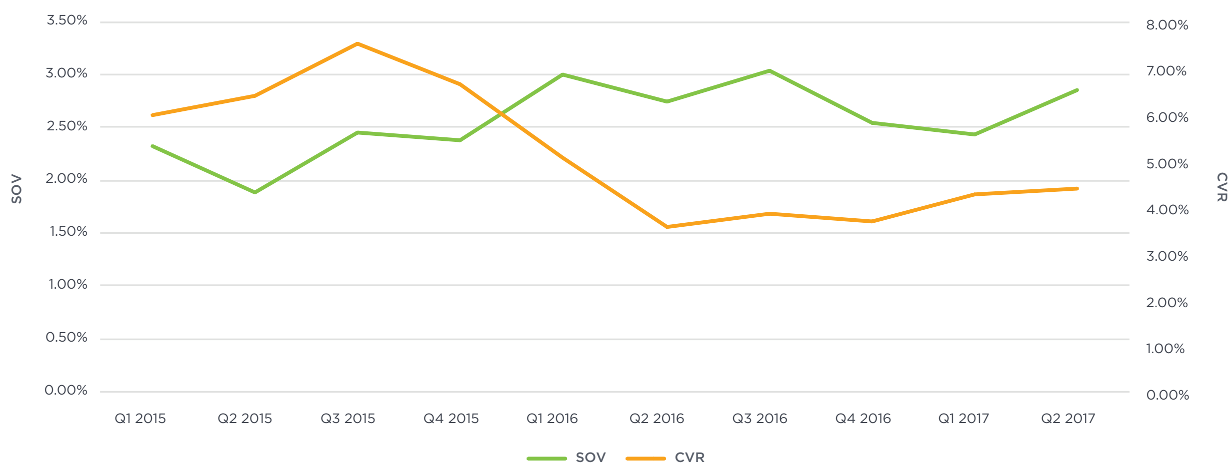
Social Media Lead Volume & Performance

Although social media continued to grow in consumer popularity, SOV has lingered in the 2-3% range since 2015. In Q2 2017, SOV was 2.9% — at the top of its typical zone.

Social media CVR has not been in the same holding pattern. The average CVR for the social media channel climbed every quarter since Q2 2016. For Q2 2017, the social media CVR was 4.4% — already higher than the prior quarter with additional maturation anticipated.

Because social media is stronger at the top of a lead funnel, the last-click attribution basis of this report does not depict the full story. At Sparkroom, with cross-channel attribution, we have seen and proven social media's ability to lift the performance of other bottom-of-funnel, lead generation channels.

Social Media — SOV vs. CVR — By Quarter, 2015-Q2 2017



4. Degree-Level Distribution

SOV, CVR and SOV — By Degree Type — 2016 vs. Q1 2017 vs. Q2 2017

	2016			Q1 2017			Q2 2017		
Degree Type	**SOV**	**CVR**	**SOC**	**SOV**	**CVR**	**SOC**	**SOV**	**CVR**	**SOC**
Doctorate	3.71%	6.35%	3.28%	3.81%	4.94%	2.77%	3.53%	4.43%	2.58%
Master's	17.00%	7.65%	18.15%	15.50%	7.48%	16.98%	14.24%	6.70%	15.76%
Bachelor's	25.50%	10.00%	35.57%	24.96%	9.06%	33.12%	26.06%	8.05%	34.76%
Associate	21.61%	6.85%	20.64%	24.49%	7.17%	25.71%	24.46%	6.61%	26.73%
Certificate	9.71%	5.35%	7.25%	9.42%	5.54%	7.64%	9.42%	4.77%	7.43%
Diploma	21.26%	4.35%	12.89%	20.88%	4.09%	12.50%	21.14%	3.33%	11.63%
Continuing Education	0.86%	16.15%	1.94%	0.55%	10.38%	0.84%	0.81%	6.64%	0.89%
Other Degree Types	0.35%	5.63%	0.27%	0.40%	7.52%	0.44%	0.34%	5.50%	0.31%

SOV and CVR — Campus-Based vs. Online — 2016 vs. Q2 2017

	Campus-Based				Online			
Degree Type	2016 SOV*	2016 CVR	Q2 2017 SOV*	Q2 2017 CVR	2016 SOV**	2016 CVR	Q2 2017 SOV**	Q2 2017 CVR
Doctorate	0.66%	10.28%	0.73%	8.54%	6.91%	5.95%	6.67%	4.58%
Master's	4.93%	15.25%	3.87%	14.63%	29.79%	6.36%	25.31%	5.87%
Bachelor's	21.95%	12.24%	21.66%	10.42%	28.74%	8.28%	30.70%	6.96%
Associate	16.53%	5.15%	15.53%	4.35%	26.65%	7.98%	33.00%	7.98%
Certificate	17.75%	5.27%	17.01%	5.10%	1.23%	6.19%	1.39%	5.91%
Diploma	37.26%	4.03%	40.15%	3.29%	5.19%	7.65%	1.60%	7.42%
Continuing Education	0.84%	17.54%	0.98%	3.77%	0.86%	14.87%	0.64%	12.03%
Other Degree Types	0.08%	6.94%	0.06%	1.85%	0.62%	5.81%	0.69%	7.01%

** SOV as a percentage of only campus-based program inquiries.*
*** SOV as a percentage of only online program inquiries.*

Doctorate Program Inquiry Volume & Performance

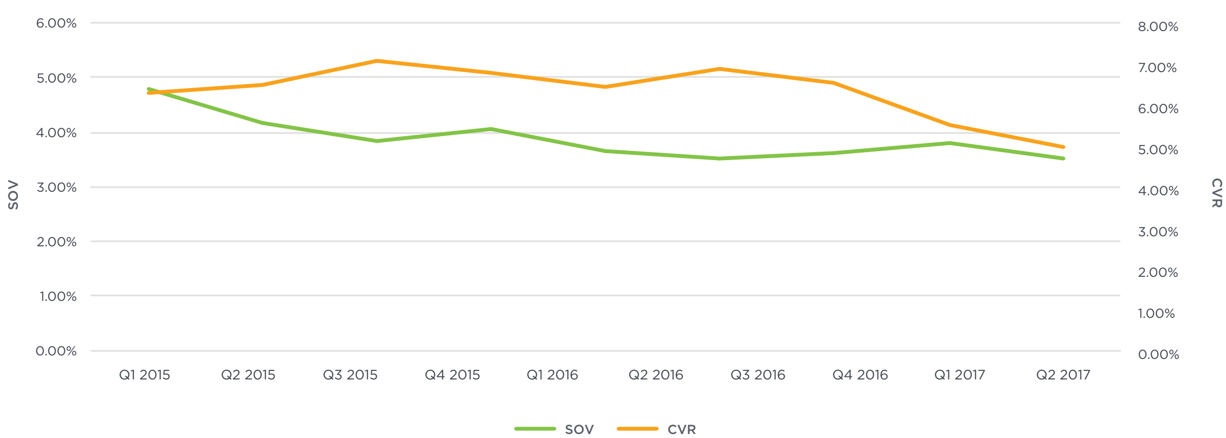
Generally, since 2015, the SOV for doctorate programs has been on a downward trend. In Q2 2017, the SOV was 3.5%, down from 5.9% in Q1 2016.

For the period from Q1 2015 to Q3 2016, the average CVR for doctorate programs stayed in the 6-7% region. In Q4 2016, the average CVR for doctorate programs dropped to 5.5%, and then the CVR slipped further in Q1 2017 to 5.0%. When data was pulled in August, the Q2 2017 CVR was 4.4%.

Online doctorate programs were in greater demand than campus-based doctorate programs. Online doctorate programs pulled in a 6.7% SOV (out of all online programs) in Q2 2017. Campus-based doctorate programs only delivered a 0.7% SOV (out of all campus-based programs).

Conversely, the average CVR for campus-based doctorate programs was less than half the average CVR for online doctorate programs in Q1 2017 (4.6% compared to 10.3%).

Doctorate Programs — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Doctorate Programs (Ranked by Q2 2017 SOV)

Doctorate Programs	Q2 2017 SOV	Q2 2017 CVR
Business Administration and Management, General	0.66%	3.91%
Educational Leadership and Administration, General	0.41%	4.45%
Psychology, General	0.39%	3.43%
Nursing Practice	0.29%	6.68%
Organizational Leadership	0.25%	6.67%

Master's Program Inquiry Volume & Performance

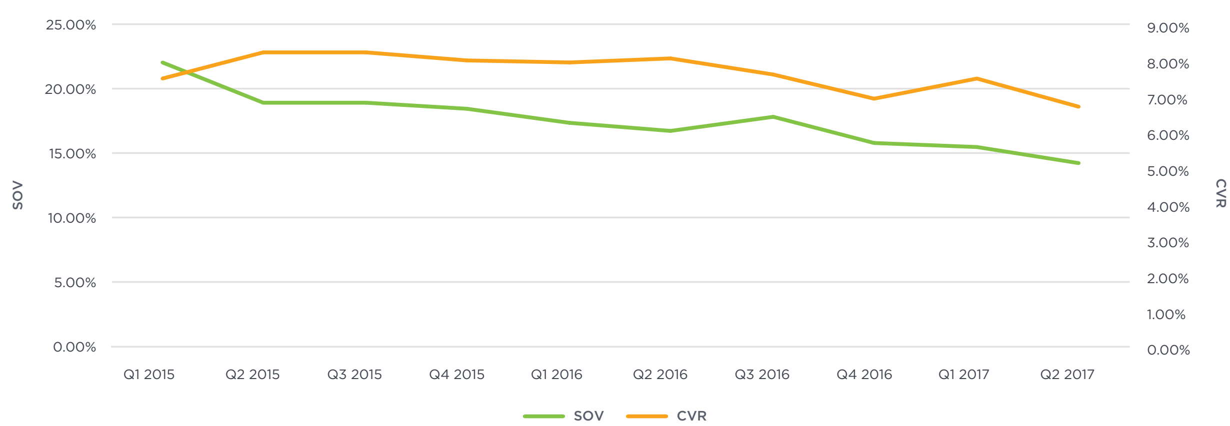
The SOV for master's programs dropped almost every quarter since the start of 2015. In Q2 2015, the SOV for master's programs was 18.9%, but by Q2 2017 it was only 14.2%. Meanwhile, straight volume for master's programs was down 16.9% from Q2 2016 to Q2 2017.

After hovering near 8% from Q2 2015 to Q3 2016, the CVR for master's programs danced up and down slightly. The CVR slipped to 6.9% in Q4 2016 and then climbed to 7.5% in Q1 2017. In Q2 2017, the CVR was 6.7%, with some additional maturation to come.

Master's programs were more popular in online than campus-based format. The SOV for online master's programs was 25.3% in Q2 2017 (out of all online program inquiries) compared to just a 3.9% SOV for campus-based master's programs (out of all campus-based inquiries).

The CVR for campus-based master's programs was 13.9% in Q1 2017 — more than double the 6.2% CVR for online master's programs.

Master's Programs — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Master's Programs (Ranked by Q2 2017 SOV)

Master's Programs	Q2 2017 SOV	Q2 2017 CVR
Business Administration and Management, General	3.46%	5.90%
Nursing/Registered Nurse (RN, ASN, BSN, MSN)	0.93%	8.98%
Psychology, General	0.72%	4.57%
Organizational Leadership	0.53%	5.61%
Health/Health Care Administration/Management	0.51%	4.32%

Bachelor's Degree Inquiry Volume & Performance

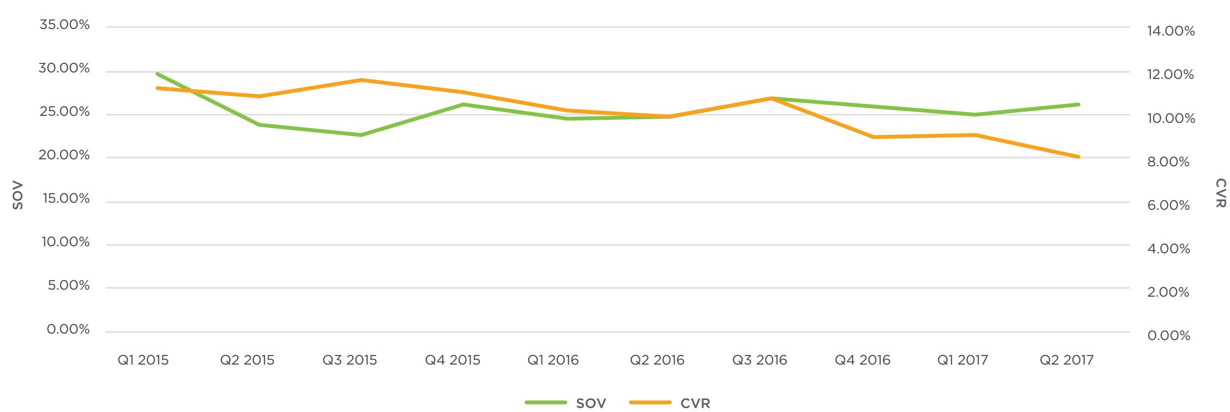
More than one-fourth of all leads generated in Q2 2017 were for bachelor's programs. This was up from 25.5% in 2016, but it was within norms.

The CVR for bachelor's programs was above 10% for six of the eight quarters throughout 2015 and 2016. This year started slower. In Q1 2017, the CVR for bachelor's programs was 9.1%. Even with that dip, 33.1% of all conversions in Q1 2017 were for bachelor's programs. (This was down from 35.6% in 2016.)

Bachelor's programs drove a stronger SOV for the online versus campus-based format. But in terms of lead volume, it was a different story. Lead volume in Q2 2017 was 5.9% higher for campus-based than for online bachelor's programs.

Meanwhile, the average CVR for campus-based bachelor's programs has been falling since Q4 2015. In 2016, the average CVR was 12.2% compared to 10.0% in Q1 2017. The 10.4% CVR in Q2 2017 may finally indicate a potential turnaround. The CVR for online bachelor's programs was 8.2% in Q1 2017, only 0.1% lower than the average CVR for 2016.

Bachelor's Programs — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Bachelor's Programs (Ranked by Q2 2017 SOV)

Bachelor's Programs	Q2 2017 SOV	Q2 2017 CVR
Nursing/Registered Nurse (RN, ASN, BSN, MSN)	5.19%	5.59%
Business Administration and Management, General	3.53%	6.50%
Web Page, Digital/Multimedia and Information Resources Design	1.84%	6.98%
Health/Health Care Administration/Management	1.52%	3.24%
Liberal Arts and Sciences/Liberal Studies	1.37%	3.28%

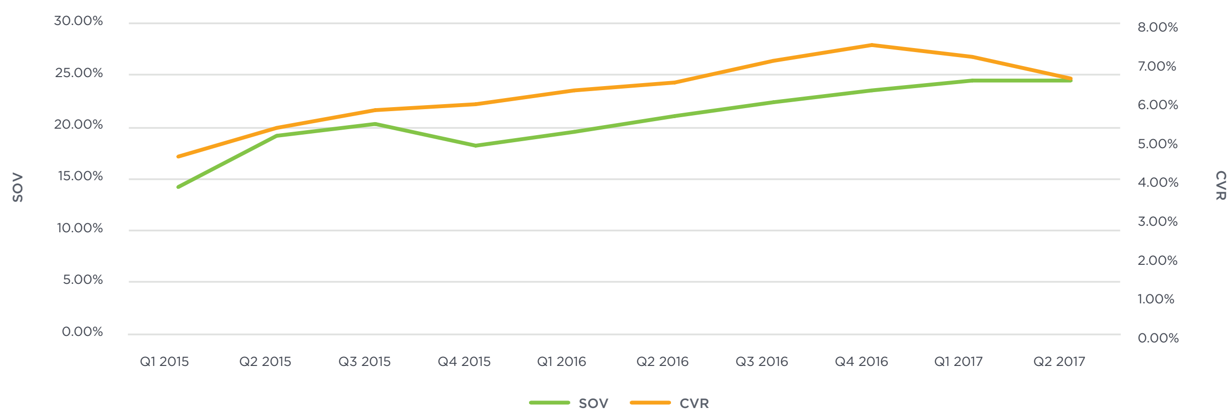
Associate Degree Inquiry Volume & Performance

The SOV for associate programs had been growing, but it appears to have plateaued at 24.5% in both Q1 and Q2 2017.

The CVR in Q1 2017 was 7.2%, up from 6.9% in 2016. Just over 25% of all conversions in Q1 2017 were for associate programs, a surmountable increase from 20.6% in 2016.

Like the higher degree levels, associate programs held a larger SOV for the online than the campus-based format. In Q2 2017, the campus-based SOV was 15.5% (out of all campus-based leads) compared to a 33.0% SOV for online programs (out of all online program leads). Unlike higher degree levels, the CVR was higher in Q1 2017 for online associate programs than for campus-based associate programs (8.0% versus 5.3%).

Associate Programs — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Associate Programs (Ranked by Q2 2017 SOV)

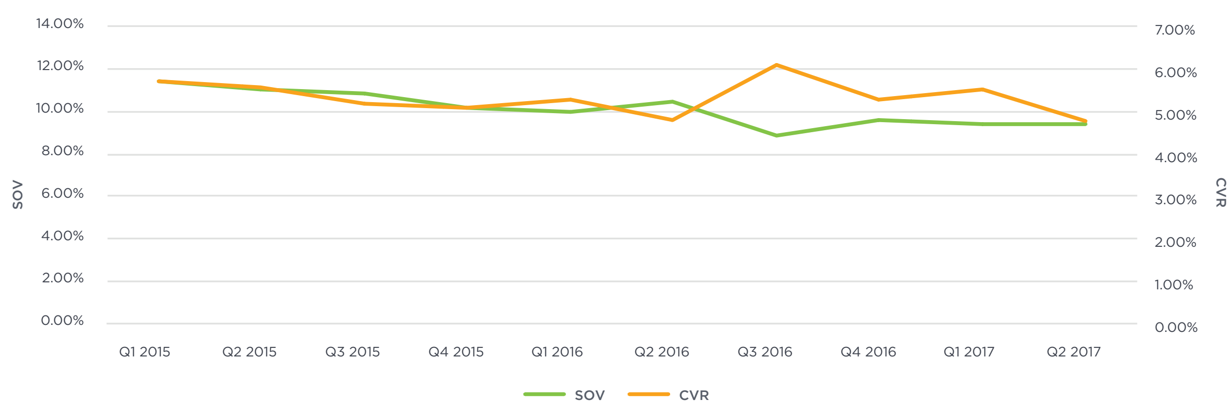
Associate Programs	Q2 2017 SOV	Q2 2017 CVR
Medical Insurance Coding Specialist/Coder	3.55%	8.72%
Medical Office Assistant/Specialist	2.65%	9.08%
Business Administration and Management, General	1.70%	9.44%
Human Services, General	1.59%	9.81%
Health/Health Care Administration/Management	1.21%	9.94%

Certificate Program Inquiry Volume & Performance

Almost all metrics for certificate programs have been consistent for the last two years. The Q2 2017 SOV for certificate programs remained flat QOQ at 9.4%. This was a small drop from 2016, but no major movement occurred. The CVR for certificate programs was 5.5% in Q1 2017, up from 5.4% in 2016. And the SOC was 7.6% in Q1 2017, up from 7.3% last year.

Certificate programs stayed immensely more popular in campus-based format with a 17.0% SOV (of all campus-based programs) compared to a 1.4% online SOV (of all online programs) in Q2 2017. The average CVR in Q1 2017 was 5.5% for campus-based certificate programs and 6.8% for online certificate programs. There was much less of a disparity between these CVRs than for the CVRs for other degree levels.

Certificate Programs — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Certificate Programs (Ranked by Q2 2017 SOV)

Certificate Programs	Q2 2017 SOV	Q2 2017 CVR
Welding Technology/Welder	1.79%	4.85%
Medical/Clinical Assistant	1.44%	3.59%
Truck and Bus Driver/Commercial Vehicle Operator and Instructor	0.59%	17.52%
Medical Insurance Coding Specialist/Coder	0.46%	2.44%
Dental Assisting/Assistant	0.33%	4.46%

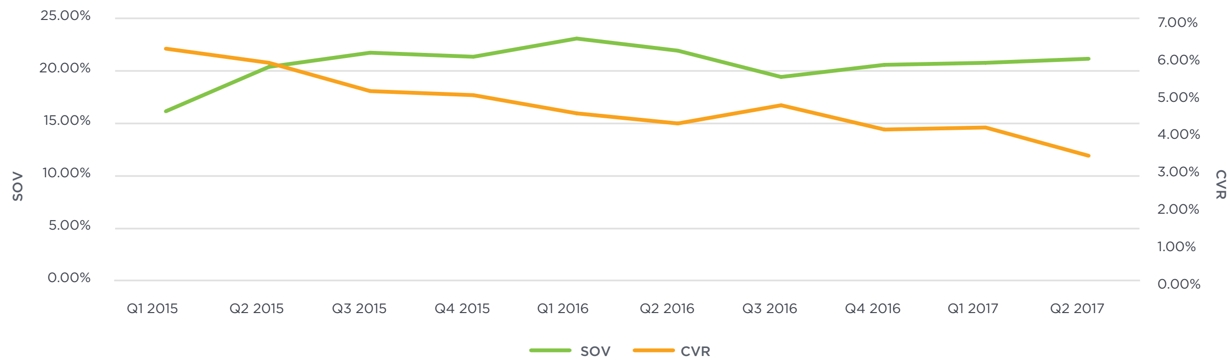
Diploma Program Inquiry Volume & Performance

Diploma programs held steady with marginally more than one-fifth of all inquiries in Q2 2017 (21.1% SOV).

Falling since 2015, the average CVR for diploma programs was the lowest of all degree levels. In Q1 2017, the average CVR for diploma programs was just 4.1%, and diploma programs represented only 12.5% of all conversions that quarter as a result.

Campus-based diploma programs remained vastly more popular than online diploma programs. In Q2 2017, the SOV was 40.2% for campus-based diploma programs versus 1.6% for online diploma programs. Conversely, CVRs were stronger for online diploma programs. The Q1 2017 CVR was 9.3% for online diploma programs versus 3.9% for campus-based diploma programs.

Diploma Programs — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Diploma Programs (Ranked by Q2 2017 SOV)

Diploma Programs	Q2 2017 SOV	Q2 2017 CVR
Medical/Clinical Assistant	3.66%	3.42%
Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician	2.07%	3.05%
Office Management and Supervision	1.67%	1.57%
Automobile/Automotive Mechanics Technology/Technician	1.16%	6.23%
Dental Assisting/Assistant	1.06%	4.12%

5. Program Distribution Trends

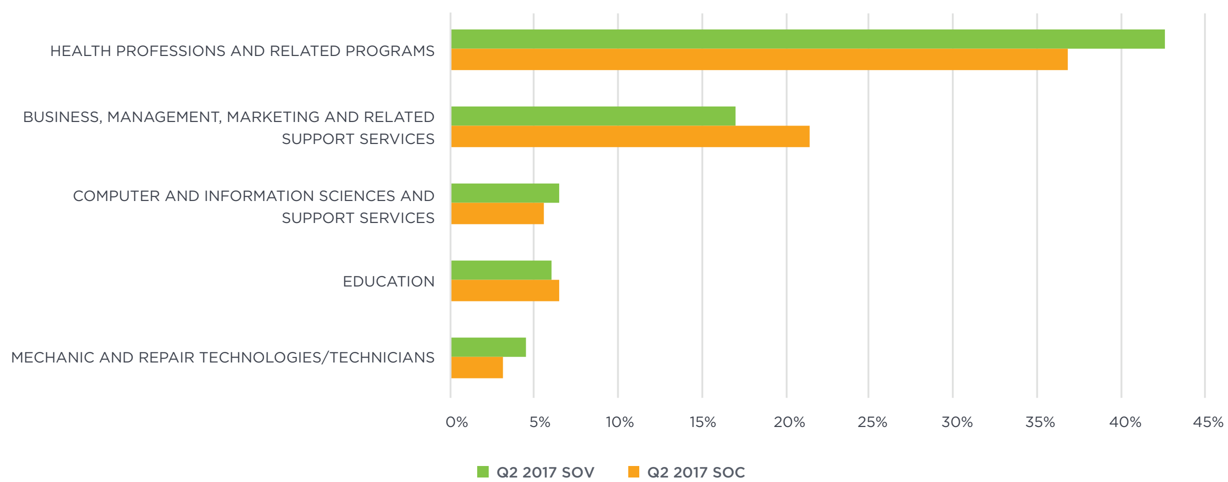
Top 5 Program Categories (Ranked by Q2 2017 SOV)

Top Program Categories	2016 SOV	2016 CVR	Q2 2017 SOV	Q2 2017 CVR
Health Professions and Related Programs	42.38%	6.44%	42.62%	5.48%
Business, Management, Marketing and Related Support Services	19.81%	7.41%	17.00%	8.04%
Computer and Information Sciences and Support Services	6.47%	5.62%	6.42%	5.52%
Education	6.67%	8.45%	6.08%	6.85%
Mechanic and Repair Technologies/Technicians	4.27%	5.22%	4.54%	4.35%

The top five program categories maintained their stronghold in Q2 2017. Computer and Information Sciences moved up to the third-place program category in Q1 2017, switching places with Education. Other than that change, the top five programs have been static throughout 2016 and 2017.

With leads not yet fully mature for Q2 2017, we'd expect to see CVRs much lower for all program categories in Q2 2017 compared to 2016. This is the case for three of the top five program categories. Surprisingly though, the Q2 2017 CVR for the business category was up, and the CVR for the computer category was almost flat compared to 2016. We believe the business category CVR may be improving due to more schools introducing a variety of digital business degrees that cater to current employer needs.

Top 5 Program Categories — SOV vs. SOC — Q2 2017



Health Programs Volume & Performance

The Health Professions and Related Programs category represented more than two-fifths of inquiry volume in Q2 2017. In fact, health programs generated a greater share of leads than the rest of the top five program categories combined. Though still the dominant category, the SOV for health programs has stayed relatively flat since Q4 2015.

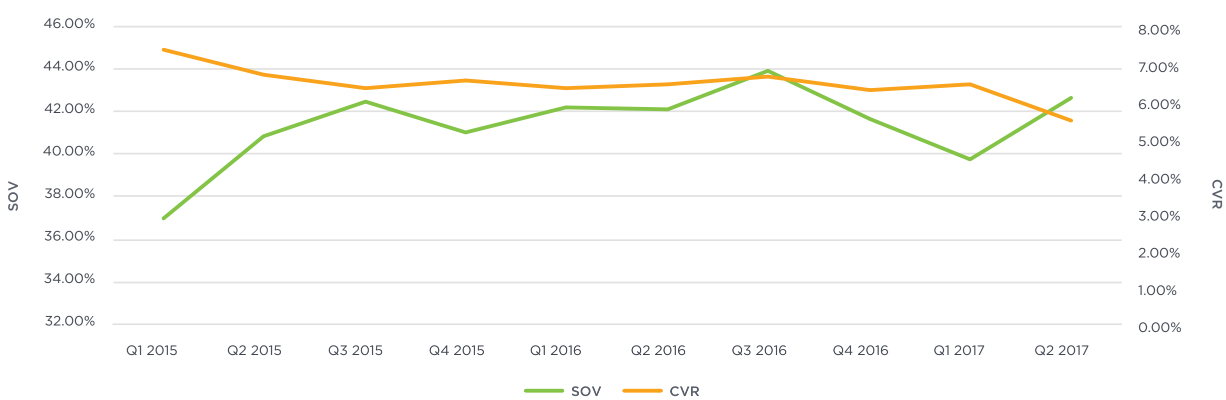
The average CVR for health programs has held steady in the 6.3-6.7% range since Q2 2015. In Q1 2017, the health category CVR was 6.5%. The last time we saw a stronger CVR for health programs was when volume for this program category was lower. In Q1 2015, when the SOV for health programs was only 37%, the CVR was 7.4%.

The highest ranking healthcare program (based on SOV) continued to be Nursing/Registered Nurse (RN, ASN, BSN, MSN) in Q2 2017. This program took in a 7.4% SOV and 6.5% SOC in Q2 2017.

The Bureau of Labor Statistics (BLS) projected healthcare occupations will grow 19% from 2014 to 2024, with 2.3 million new jobs added. In fact, health programs are driving the creation of new jobs more than any other group of occupations. Even with some fears in 2017 that healthcare policies could change in the U.S., due to increased population size and continued access to healthcare for more of the population than in the past, the need for healthcare professionals at all levels is projected to remain consistently high.

At $63,240 in May 2016, the median annual wage for healthcare practitioners and technical occupations was significantly higher than the national average for all occupations. However, lower-level, technical and administrative healthcare positions remained at the lower-end of the wage range, earning a median annual salary of $27,910, according to the BLS.

Health Programs Category — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Health Programs (Ranked by Q2 2017 SOV)

Program Name	Q2 2017 SOV	Q2 2017 CVR	Q2 2017 SOC	SOV Change YOY
Nursing/Registered Nurse (RN, ASN, BSN, MSN)	7.42%	5.56%	6.51%	-42.31%
Medical/Clinical Assistant	6.64%	3.14%	3.29%	-8.51%
Medical Insurance Coding Specialist/Coder	6.14%	7.47%	7.25%	20.48%
Health/Health Care Administration/Management	3.52%	5.87%	3.26%	5.44%
Medical Office Assistant/Specialist	3.27%	8.43%	4.36%	-3.79%

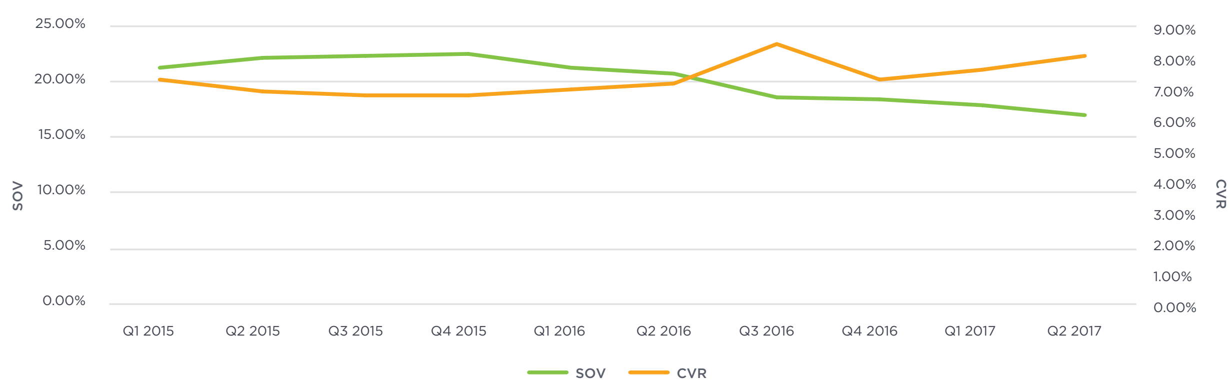
Business Program Inquiry Volume & Performance

The SOV for the Business, Management, Marketing and Related Support Services category slipped almost every quarter from Q4 2015 to Q2 2017. In Q2 2017, the business category SOV was just 17.0%, down from 22.5% in Q4 2015.

The CVR for business programs was up and down during the same period, with an overall upward trend. In Q4 2015, the business program CVR was 6.8%. By Q1 2017 it had risen to 7.6%. For Q2 2017, it was 8.0%, with additional maturation to come.

The growth in employment of business and financial occupations was projected to be 8% from 2014 to 2024, with 632,400 new jobs added during this time period. In May 2016, the annual median wage for business and financial occupations was $66,530.

Business Programs Category — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Business Programs (Ranked by Q2 2017 SOV)

Program Name	Q2 2017 SOV	Q2 2017 CVR	Q2 2017 SOC	SOV Change YOY
Business Administration and Management, General	8.86%	11.19%	15.66%	-33.32%
Office Management and Supervision	1.82%	1.52%	0.44%	10.61%
Business/Commerce, General	1.67%	2.36%	0.62%	-35.67%
Accounting	1.00%	9.33%	1.48%	-37.65%
Organizational Leadership	0.95%	6.51%	0.98%	27.34%

Computer Program Inquiry Volume & Performance

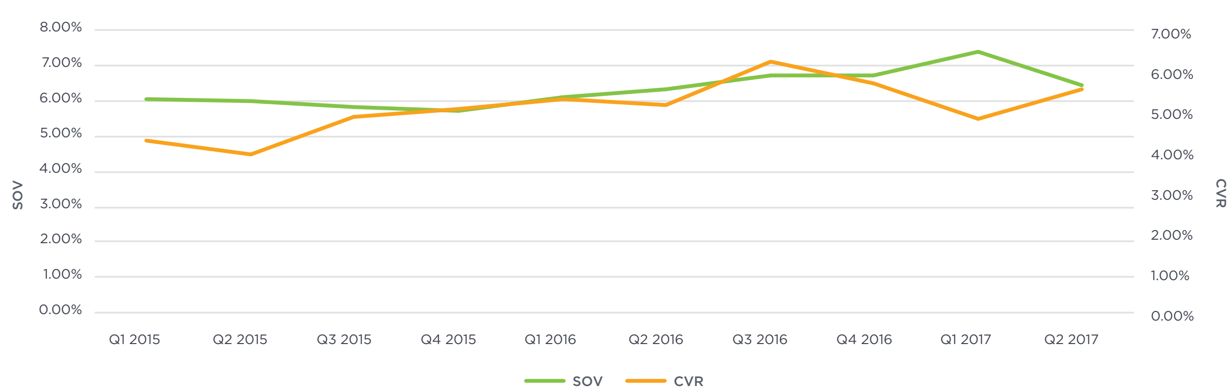
Share of volume for the Computer and Information Sciences and Support Services category rose almost every quarter from Q4 2015 to Q1 2017. But both SOV and volume were down significantly in Q2 2017, with SOV falling from 7.4% to 6.4% and volume dropping 20.5%.

For the first three quarters of 2015, the average CVR for computer programs was below 5%. In 2016, the CVR rose above 5% and even passed 6% in Q3 2016. The CVR slipped below 5% in Q1 2017, but it was already back to 5.5% in Q2 2017. With additional maturation to come, Q2 2017 may bring the CVR back above 6% once again.

From 2014 to 2024, the BLS projected a 12% increase in employment for computer and information technology occupations. More than 480,000 new jobs are expected to be added to the national marketplace during this period. This anticipated rise is driven by a greater emphasis on cloud and mobile computing along with growth in big data and an expanding "internet of things."

Web Page, Digital/Multimedia and Information Resources Design was the top computer program in Q2 2017, based on SOV. According to BLS data, web design professionals saw a median annual wage of $66,130, in May 2016, with the highest salaries exceeding $119,000. The median annual wage for all computer-related professions was $82,860.

Computer Programs Category — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Computer Programs (Ranked by Q2 2017 SOV)

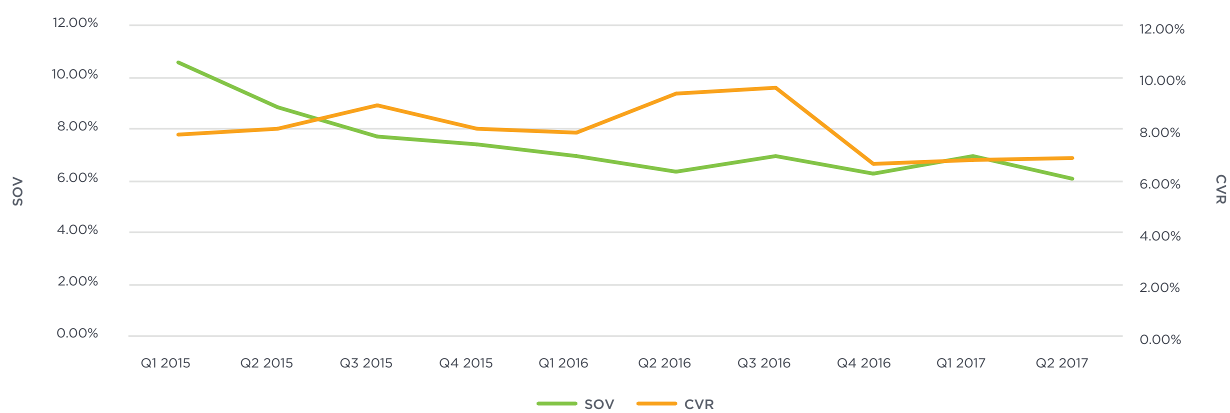
Program Name	Q2 2017 SOV	Q2 2017 CVR	Q2 2017 SOC	SOV Change YOY
Web Page, Digital/Multimedia and Information Resources Design	1.96%	6.94%	2.15%	-10.26%
Computer Systems Analysis/Analyst	1.01%	9.30%	1.49%	-20.31%
Information Technology	0.95%	4.49%	0.67%	22.04%
Computer Systems Networking and Telecommunications	0.72%	3.70%	0.42%	-5.91%
Computer Science	0.51%	2.04%	0.16%	-45.07%

Education Program Inquiry Volume & Performance

Since the start of 2015, there has been a downward trend in the demand for programs in the Education category. SOV fell from 10.6% in Q1 2015 to 6.1% in Q2 2017.

The CVR for education programs was up and down during the same period, but it was above 7.8% every quarter from Q1 2015 through Q3 2016. A dramatic drop in CVR occurred from Q3 2016 (9.6%) to Q4 2016 (6.6%), and the CVR stayed low (6.8%) in Q1 2017.

Education Programs Category — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Education Programs (Ranked by Q2 2017 SOV)

Program Name	Q2 2017 SOV	Q2 2017 CVR	Q1 2017 SOC	SOV Change YOY
Early Childhood Education and Teaching	1.67%	5.29%	1.40%	19.33%
Education, General	0.85%	6.53%	0.87%	-20.92%
Educational Leadership and Administration, General	0.85%	5.95%	0.79%	-26.56%
Elementary Education and Teaching	0.70%	10.26%	1.14%	-32.75%
Special Education and Teaching, General	0.34%	8.22%	0.44%	-5.27%

The projected job growth is highest for post-secondary teachers, however this is one of the few education-related professions that requires a graduate-level degree. Overall, the BLS projects 8% growth in education, training and library occupations for 2014 to 2024. The median annual wage for education professions ranged based on education level, from $25,410 to $75,430, as of May 2016.

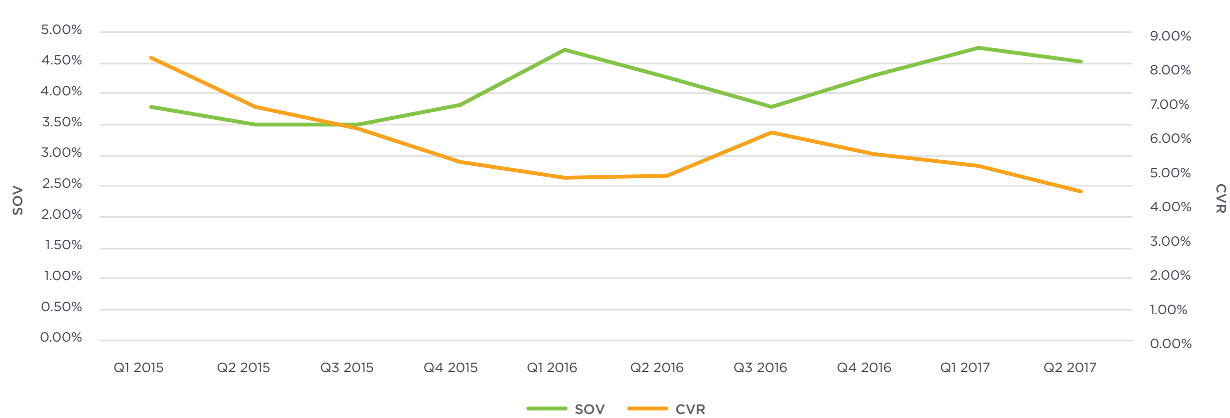
Projected Growth, Median Annual Wage & Education Requirements for Teacher Categories (Based on BLS Data)

Teacher Type	Projected Growth (2014-2024)	Median Annual Wage (May 2016)	Typical Entry-Level Education
Postsecondary Teachers	13%	$75,430	Doctorate Degree
Adult Literacy and High School Equivalency Diploma Teachers	7%	$50,650	Bachelor's Degree
Preschool Teachers	7%	$28,790	Associate Degree
High School Teachers	6%	$58,030	Bachelor's Degree
Special Education Teachers	6%	$57,910	Bachelor's Degree
Middle School Teachers	6%	$56,720	Bachelor's Degree
Teacher Assistants	6%	$25,410	Some College / No Degree
Kindergarten and Elementary School Teachers	6%	$55,490	Bachelor's Degree
Career and Technical Education Teachers	4%	$54,020	Bachelor's Degree

Mechanic Program Inquiry Volume & Performance

With a relationship that seems to be loosely inverse, the SOV for the Mechanic and Repair Technologies/ Technician program category was on a general upward trend while CVR was on a downward path for the past two years.

Mechanic Programs Category — SOV vs. CVR — By Quarter, 2015-Q2 2017



Top 5 Mechanic Programs (Ranked by Q2 2017 SOV)

Program Name	Q2 2017 SOV	Q2 2017 CVR	Q2 2017 SOC	SOV Change YOY
Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician	2.52%	3.37%	1.34%	2.74%
Automobile/Automotive Mechanics Technology/Technician	1.23%	6.23%	1.21%	-34.38%
Diesel Mechanics Technology/Technician	0.34%	6.49%	0.35%	23.50%
Electrical/Electronics Equipment Installation and Repair, General	0.21%	2.46%	0.08%	34.22%
Autobody/Collision and Repair Technology/Technician	0.12%	5.61%	0.11%	24.98%

Additional Program Category & Program Statistics

Top 20 Programs that Are Not in Top 5 Program Categories	
7	Psychology, General
9	Welding Technology/Welder
11	Criminal Justice/Police Science
14	Human Services, General
19	Liberal Arts and Sciences/Liberal Studies

Program Categories with Q2 2017 CVR >10%	CVR
High School / Secondary Diplomas and Certificates	76.81%
Mathematics and Statistics	19.40%
Leisure and Recreational Activities	17.30%
Transportation and Materials Moving	14.50%
Natural Resources and Conservation	12.72%
Parks, Recreation, Leisure and Fitness Studies	12.18%
Theology and Religious Vocations	11.87%
Physical Sciences	11.76%
Social Sciences	11.71%
Public Administration and Social Service Professions	10.02%

Program Categories with Q2 2017 CVR <4%	CVR
Engineering Technologies and Engineering-Related Fields	3.79%
English Language and Literature/Letters	3.70%
Family and Consumer Sciences/ Human Sciences	3.59%
Communications Technologies/ Technicians and Support Services	2.93%
Construction Trades	2.42%
Area, Ethnic, Cultural, Gender and Group Studies	2.23%

Programs with Q2 2017 CVR >10% (only programs within top 50 listed)	CVR
Truck and Bus Driver/Commercial Vehicle Operator and Instructor	15.55%
Health Services/Allied Health/Health Sciences, General	13.08%
Family Practice Nurse/Nurse Practitioner	13.03%
Bible/Biblical Studies	12.94%
Divinity/Ministry	11.98%
Business Administration and Management, General	11.19%
Elementary Education and Teaching	10.26%

Programs with Q2 2017 CVR <4% (only programs within top 50 listed)	CVR
Liberal Arts and Sciences/Liberal Studies	3.82%
Cosmetology/Cosmetologist, General	3.79%
Computer Systems Networking and Telecommunications	3.70%
Massage Therapy/Therapeutic Massage	3.47%
Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician	3.37%
Nursing, Other	3.26%
Medical/Clinical Assistant	3.14%
Marriage and Family Therapy/Counseling	2.69%
Allied Health Diagnostic, Intervention, and Treatment Professions, Other	2.65%
Nurse/Nursing Assistant/Aide and Patient Care Assistant	2.39%
Business/Commerce, General	2.36%
Licensed Practical/Vocational Nurse Training	2.32%

Top 5 Jumps in SOV for Program Categories (from Q2 2016 to Q2 2017)	SOV Change
Military Science, Leadership and Operational Art	175.00%
Theology and Religious Vocations	92.30%
Leisure & Recreational Activities	73.98%
Natural Resources and Conservation	64.31%
English Language and Literature/Letters	60.03%

Top 5 Declines in SOV for Program Categories (from Q2 2016 to Q2 2017)	SOV Change
Parks, Recreation, Leisure and Fitness Studies	-72.33%
High School/Secondary Diplomas and Certificates	-58.45%
Engineering Technologies and Engineering-Related Fields	-54.20%
Area, Ethnic, Cultural, Gender and Group Studies	-53.92%
Communications Technologies/Technicians and Support Services	-34.76%

Programs with SOV Jumps >50% (from Q2 2016 to Q2 2017; only top 100 programs listed)	SOV Change
Health and Wellness, General	239.06%
Theology/Theological Studies	203.67%
Mental Health Counseling/Counselor	148.94%
Cyber/Computer Forensics and Counterterrorism	141.12%
Divinity/Ministry	116.16%
English Language and Literature, General	112.01%
Computer and Information Systems Security/Information Assurance	94.46%
Business Teacher Education	92.48%
Clinical Psychology	91.75%
Forensic Psychology	80.28%
Computer and Information Sciences, General	67.08%
Educational/Instructional Technology	65.09%
Human Services, General	59.31%
Bible/Biblical Studies	56.39%
Computer Numerically Controlled (CNC) Machinist Technology/CNC Machinist	51.22%

Programs with SOV Slips >40% (from Q2 2016 to Q2 2017; only top 100 programs listed)	SOV Change
Curriculum and Instruction	-61.82%
Education/Teaching of Individuals in Elementary Special Education Programs	-49.08%
Marketing/Marketing Management, General	-48.18%
Computer Science	-45.07%
Culinary Arts/Chef Training	-42.95%
Nursing/Registered Nurse (RN, ASN, BSN, MSN)	-42.31%
Animation, Interactive Technology, Video Graphics and Special Effects	-41.24%
Mental and Social Health Services and Allied Professions, Other	-40.95%

Conclusion

The trends highlighted in this report indicate a stable higher education marketplace. Overall, there were no major or unexpected changes relating to inquiry generation performance. In general, conversion rates continued to decrease as market saturation expanded and overall inquiry quality degraded. As such, higher education marketers should focus on the importance of quality over quantity. In addition, it's imperative to not get caught up in the cost of inquiries, as data showed higher priced leads often converted at better rates to achieve lower costs per conversion.

Lastly, as the average CPI rises, it is more critical than ever for marketers to incorporate strong nurturing and re-engagement campaigns as a pillar of their student recruitment strategies. Properly executed campaigns should allow institutions to maximize conversion rates without adding significant media costs.

Definitions & Acronyms

- **Conversion:** An inquiry that achieved an application, enrollment or start milestone is considered a conversion. All conversions are measured as part of their original inquiry cohort. For example, an inquiry received in September and converted in October counts within September's total conversions and not within October's conversion count.
- **CPC:** Cost per conversion
- **CPI:** Cost per inquiry (synonymous with CPL, or cost per lead)
- **CVR:** Conversion rate
- **First-party inquiry:** An inquiry generated using a school's brand directly, whether via a school's own website, display advertising, social media, offline channel or other branded source.
- **Inquiry:** A request for information from a student prospect. Used interchangeably with "lead."
- **PPC:** Pay per click
- **PPI:** Pay per inquiry (synonymous with PPL, or pay per lead)
- **QOQ:** Quarter over quarter
- **SOC:** Share of conversions. Unless otherwise noted, this is calculated as a percent of all conversions generated for the period.
- **SOV:** Share of volume. Unless otherwise noted, this is calculated as a percent of all leads generated for the period.
- **Third-party inquiry:** An inquiry generated by a third-party advertiser. Pay-per-inquiry vendors/affiliates fall within this definition. Third-party inquiries come from a variety of channels, including paid and organic search, email, display and social media. The main difference between third-party and first-party inquiries is that, for third-party inquiries, vendors are controlling the media spread and message.
- **YOY:** Year over year

About Sparkroom

Sparkroom is a proven leader in enrollment marketing and management. Through the deployment of award-winning technology and services, Sparkroom helps institutions of higher education grow and sustain student enrollment volume. We offer our solutions in three formats:

- **Sparkroom Performance Marketing Technology:** Our award-winning, proprietary technology integrates campaign data, automates processes based on performance and provides holistic cross-channel attribution reporting and analytics, including cross-channel dashboards.
- **Sparkroom Enrollment Marketing Services:** Our enrollment marketing services include demand generation and student recruitment support to manage cross-channel marketing campaigns from strategy to execution to optimization and beyond.
- **Sparkroom Enrollment Management Solutions:** Our enrollment management solutions, inclusive of enrollment management consulting and short-term OPM engagements, layer on operational services for institutions in need of end-to-end support.

Sparkroom technology and services assist in streamlining school marketing and operations efforts. As a result, we have a positive reputation with higher education professionals across the country.

Data Disclosure: The data in this report is comprised of a set of inquiries processed by Sparkroom performance marketing technology during the period of January 1, 2015 through June 30, 2017, utilizing aggregated data normalized to remove all school-specific information and trending.

The dataset used for this report includes more than 30 unique inquiry buyers, almost 1000 campus locations and almost 3000 programs. Data was aggregated into standard categories/subjects using the CIP classification system. Inquiries processed by Sparkroom performance marketing technology are derived from a variety of sources, with approximately one-half coming from third-party channels and one-half from branded marketing efforts, such as school websites, paid search campaigns and social media campaigns. Because school demand plays a factor in inquiry generation, there is the potential for related bias within the report findings.

1. Data was pulled in August of 2017. Although lead cohorts continue to mature indefinitely, we assume cohorts to be mature after a period of 90 days. Therefore, the Q1 2017 data is now considered to be fully mature and the Q2 2017 lead cohort will be considered fully mature on September 30, 2017.

This data is provided for informational purposes only. While every attempt is made to ensure accuracy, errors may arise.