Attracting and retaining students in critical times

The case for a more effective approach to CRM in higher education

www.crimson.co.uk

crimson®

Contents

Introduction

Right now, higher education institutions are involved in a constant battle to attract students. They need to engage both home-grown and, increasingly, international students who pay lucrative fees. They also need students who are the right fit, creating the optimal mix of social and economic diversity while driving revenue.

It's a complex job. And it's getting more difficult by the day.

In this day and age, students are fully attuned to digital service channels and high levels of customer experience. They expect responses from their university to be rapid, personalised and consistent. They pay a lot of money in fees, and expect to be fully supported throughout their studies with meaningful communication.

But is this something that UK universities can currently provide? As we will see shortly, the majority of students say their degree offers them little value for money. Lack of meaningful communication, plus a perceived lack of pastoral care are key drivers of that perception.

In this report, we'll give you an overview of how all higher education institutions can use customer relationship management (CRM) to overcome these issues and communicate with students more effectively.

We'll also show how CRM programmes, when structured well, can generate return on investment that exceeds 1000%.

Specifically, we will cover:

- Why change is imperative
- The link between CRM and resolving these issues
- Creating a compelling business case for CRM
- The specific potential benefits for various departments including marketing, pastoral care, IT and CRM managers
- What you can ultimately do to recruit and retain the right students, improve support and drive the revenue that is crucial to long term financial health

Key challenges for higher education institutions:

Increase student registrations to drive revenue

Improve student engagement and experience

Recruit more international students

Attract more students from disadvantaged backgrounds

Reduce drop-out rates

Improve pastoral care and student wellbeing

Improve student satisfaction levels

Crunching the numbers:
Why change is a financial imperative

These are complex and challenging times for higher education. According to recent research by the Higher Education Policy Institute, only 32% of students in England currently think their course is good value for money.

Partly, this perceived lack of value is because of a shift in what students think is important from their higher education provider. Of course, they are still heavily influenced by traditional factors like academic reputation, location, employability and average starting salaries. But students are also increasingly swayed by the softer aspects of what a university offers. From their very first enquiry, they expect a high level of communication and support.

There are also problems to manage when attracting students from a diverse range of economic backgrounds. Recent figures suggest that while millions of pounds are being spent to recruit these students, the number leaving before completing their studies is rising year on year*.

"A further challenge arises from the fact students are increasingly being presented with alternative, non-traditional options for study that have the potential to disrupt the market."

A further challenge arises from the fact students are increasingly being presented with alternative, non-traditional options for study that have the potential to disrupt the market. The growth in remote study and Massive Open Online Courses (MOOCs) is a case in point. Higher levels of apprenticeships also offer options that are equivalent to some university courses. The government has stated its determination to keep expanding and funding these programmes to fill key skills gaps.

The potential implications of these widening options are huge. Tuition fees currently account for around 45% of a universities' income. When students don't enrol for or drop-out of a course, it has a major impact on revenue.

The message is clear. Better engagement is vital to institutions that want to avoid these pitfalls, create lasting and positive impressions on students and thrive in an increasingly competitive market.

A shrinking supply of students, increased competition and a golden prize:

Why the battle to attract and retain students is getting fierce

....

SUPPLY OUTSTRIPPING DEMAND

4,000 courses still with vacancies prior to A-Level results day 2018

....

EU APPLICATIONS FALLING

7% fall in the number of EU students applying to UK Universities prior to Brexit

....

ONLINE COMPETITION INCREASING

20% rise in UK students enrolling for MOOC's (Massive Open Online Courses) year-on-year

....

THE RISING IMPORTANCE OF INTERNATIONAL RECRUITMENT

14% of universities' total income now generated by international student fees

....

THE FINANCIAL IMPLICATION OF STUDENT DROP-OUTS

1.6M+ in fees the average cost of drop-outs to a university each year

*Source: Office for Fair Access

The case for CRM:
How can it help?

Many education institutions have already adopted Customer Relationship Management (CRM) systems to attract, engage and communicate more effectively with their students throughout the student lifecycle.

The reason is simple: instead of having disparate legacy systems holding different versions of student records and communications, a modern, fully integrated CRM facilitates, tracks, records and organises all of your valuable communications and insights in one place. This allows universities to nurture stronger and more personal relationships with prospective candidates, current students and alumni. It also gives them a platform to utilise for monitoring and supporting students' wellbeing throughout the student lifecycle.

The outcome?

✓ **Increased admissions and retention rates**

✓ **Better communications**

✓ **Higher levels of satisfaction throughout the entire student lifecycle.**

Key benefits:

With an effective CRM strategy, higher education institutions can:

✓ Get a more accurate, actionable picture of information surrounding candidates and existing students

✓ Automate communications with prospects to lead them through their decision and study experience

✓ Improve communication with existing students to provide them with better service and support

✓ Deliver a more responsive, compelling and effective approach across every communication delivered

✓ Collate, analyse and easily gain insight to improve students' experience and monitor their wellbeing.

However, while this list highlights a compelling range of benefits, higher education institutions have often so far failed to achieve the benefits from their CRM strategy that they were hoping for.

To work towards a solution, we first need to fully understand what those reasons for failure are.

The need to break down data silos:
Challenges for CRM managers and IT

Those responsible for actually managing CRM systems in higher education (whether they are dedicated CRM managers or IT teams) have traditionally faced many challenges making the best use of data. All of these challenges need to be addressed if student engagement and communication are to improve. Many of them are long-standing.

Moving towards a single source of the truth

In the past, different departments within universities have installed isolated instances of CRM for specific and narrow needs. As a result, universities often have multiple CRM instances that make it almost impossible to obtain a single view of each student. To overcome this, there is a need to specify and initiate programmes that integrate core systems in the university and make it possible to compile accurate reports, ensure data consistency and start using insights more effectively to drive revenue.

Improving the handling of incoming data

With such large volumes of data coming in from initial student registration onwards, internal IT and CRM teams need an effective solution to enable efficient processing. Evaluating and validating data takes a lot of time. If corners are cut, it's easy to lose the ability to intelligently use this data for personalised and consistent student engagement that meets students' rising expectations of service and support levels.

"With such large volumes of data coming in from initial student registration onwards, internal IT and CRM teams need an effective solution to enable efficient processing of it."

Tackling entrenched resistance to change:
Challenges for CIOs

The role of the CIO in orchestrating a fully integrated and cross-organisation data strategy is critical. But how can they make sure their voice is heard?

Issues start within IT itself

Instigating change within established universities is difficult. A newly appointed CIO at a university who surveyed their IT team discovered that 78% were 'happy to support the status quo' and unwilling to support technological change. Unionised employee structures can also make resistance to change and any kind of new digital initiative that could threaten jobs particularly strong.

To overcome this, it is essential that IT change relating to the CRM is handled carefully, sensitively and presented as an opportunity rather than a threat.

The need to drive more Influence at board level

In a recent survey*, 48% of higher education CIOs reported that culture is the biggest barrier to scaling digital initiatives. As many as 59% of higher education CIOs also said that they expect digital transformation to have a major impact on the institution business model within 10 years. At the same time, however, only half of those CIOs said they have a seat at the executive table.

To improve this situation, CIOs also need to be able to develop a business case for change that will resonate fully with all key business decision makers.

*Source: Gartner – CIO Agenda

CONNECTION
ANALYSIS
DATA
SEARCHING
VERIFICATION
CODING
SENDING

Struggles getting the results that really matter:
Challenges for marketing and recruitment

The department most likely to benefit and improve performance with an effective CRM strategy is marketing. Yet marketers too have also often found it difficult to implement and reap the benefits of an integrated CRM strategy. The reasons are numerous, and equally as challenging as those faced by CIOs and IT/CRM specialists.

The need to change internal perceptions

In higher education, it's often difficult to demonstrate the value of what the marketing department does for the whole organisation – especially to academics and administrators that are not used to marketing.

"CRM can help correct this imbalance because it enables marketing leaders to drive growth and improve the overall student experience in a measurable way that is visible to the rest of the organisation."

CRM can help correct this imbalance because it enables marketing leaders to drive growth and improve the overall student experience in a measurable way that is visible to the rest of the organisation. At the moment, however, most are held back from doing this by siloed and fragmented CRM instances that make accurate and consistent reporting of gains almost impossible.

Developing extra revenue streams

When data is fully aligned across departments, marketing teams can also demonstrate the value they provide by seamlessly passing on intelligence to other areas of the organisation. For example, an effective CRM strategy will enable much better communication between marketing and alumni relations. This can put the organisation as a whole in a much better position to keep the alumni network interested, engaged, financially supportive and potentially contributing to publicity campaigns that drive recruitment. Again, because of data and CRM silos, most institutions are currently not able to do that.

Retaining students

Retaining students is another issue that could be addressed more effectively by all departments – not just marketing and recruitment – by passing on data to other areas of the organisation responsible for student retention and wellbeing. At the moment, drop-out rates tend to vary between social groups. For example: state school drop-out rate is 6.5%, versus 3.4% for privately educated students. University departments need to share the data they generate in order to help the rest of their organisation to understand why this happens. Only then will universities be able to develop an effective, tailored and highly targeted engagement/CRM strategy that's personalised to each student, improves pastoral care and reduces the financial impact of drop-out rates.

Thankfully, there is a proven path towards achieving this, as we will demonstrate with the following use case.

Towards a solution

As we have established so far, an effective CRM (both platform choice and configuration) is a critical part of the effort to attract, secure and retain students – yet universities are currently failing in these efforts because of barriers that are technological, cultural and systemic.

Overcoming those barriers requires an overarching strategy and tactical execution plan that that covers three core elements:

Contact Management, Activity Management, Networking

Establishing ownership of data, responsibility for sharing it, and development of relationship insight data enrichment

Attracting, Nurturing and On-Boarding

Profiling, identifying and targeting prospects with effective marketing campaign management and ROI measurement

Customer Lifecycle Management

Establishing a single view of students and providing them a consistent, personalised and monitored digital experience

The case for CRM

Through relating the above back to the wider business benefits, you will be able to secure buy-in to begin your project. See below a working example:

STEP 1
Document your existing figures and conversion rates

Focus on applications, offers, registrations.

Work out conversion rates:
- ✓ application to offer
- ✓ offer to registration
- ✓ application to registration

STEP 2
Present an improved version of these figures

Based on an effective CRM system giving you the ability to increase student numbers and tuition fees (generate revenue).

Consider showing "what if" scenarios (for example, this is what we'd have achieved by now if we had done this 3 years ago) as well as future projections.

Make your forecast improvement reasonable (e.g. 1%) but demonstrate the effect year-on-year over a period of time.

STEP 3
Relate this back to the cost of the project and calculate ROI

By working out the accumulative impact of these changes over the lifecycle of the average CRM platform (7 years), you'll easily be able to demonstrate a significant ROI – along with all of the softer benefits that a project of this nature will enable.

Want to understand the additional revenue that your organisation could realise?

Contact us to arrange an audit, and discover how we've been helping other universities to achieve these results.

Creating the business case

The average number of student registrations per year is

2,924*

A typical conversion rate from offer to registration is

35%

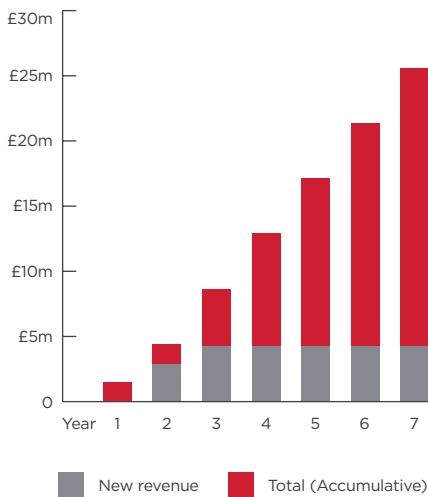**On average, each student pays**

£9,000

in fees

With a working centralised CRM, a

2%

improvement on the offer to registration ratio year-on-year can increase fees significantly

Accumulative fee increase (£)
if offer to registration conversion rate improves by 2% YOY**

£30m
£25m
£20m
£15m
£10m
£5m
0
Year 1 2 3 4 5 6 7

New revenue ◼ Total (Accumulative) ◼

Furthermore

these UK universities experience on average a 6.2% drop-out rate between year 1 and year 2 of a student's course.

A centralised view of student data and behaviours, enabling more intelligent communications and pastoral care can decrease drop-outs by 1% year-on-year:

Accumulative fee retention (£)
if drop-out rate improves by 1% YOY

£30m
£25m
£20m
£15m
£10m
£5m
0
Year 1 2 3 4 5 6 7

New revenue ◼ Total (Accumulative) ◼
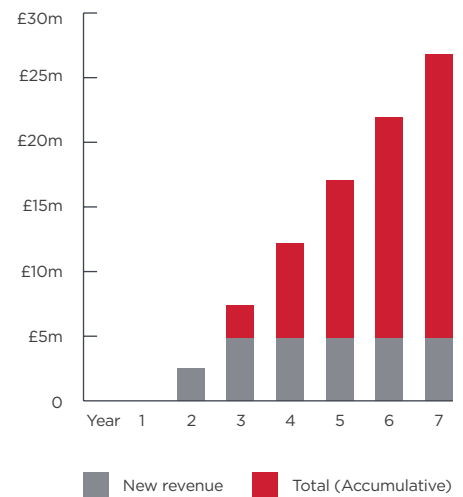
When combined, the two improvements highlighted above would deliver

£28.3m

additional revenue over 7 years to the average university.

*based on the largest 100 universities, across undergraduate and post graduate courses
**based on the average lifecycle of a CRM system.

Concluding thoughts and next steps

There is no hiding from the reality. According to figures from the Higher Education Statistics Agency, drop-out rates among UK university students are rising year-on-year.

Overall, figures from UCAS show that applications for courses beginning in September 2018 were down by 11,000.

With drop-out rates increasing and application rates decreasing in equal measure, it has become critical that higher education institutions put a renewed focus on improving student engagement through the use of effective integrated CRM designed to boost and protect revenue.

At the moment, however, failures with previous tactical CRM implementations mean most organisations and are currently unable to achieve (or even plan to achieve) these goals over the next few years without any kind of certainty.

The time to act, and make a positive change, is now.

↑

DROP-OUT RATES

among UK university students are
rising year-on-year.[*]

↓

Applications to go to university in the UK
in autumn 2018 were down by

11,000[**]

Sources: * Education Statistics Agency **UCAS

Talk to Crimson

We are CRM IT Transformation specialists who deliver a proven solution to the higher education sector based on a trusted and repeatable blueprint for unifying departments, data and systems under one CRM strategy that drives revenue and delivers significant ROI.

Our phased, sprint-based approach ensures you can be confident you will not repeat any mistakes of past CRM projects that sit in silos. With one eye always on the future, our Data Insights practice also helps universities to use predictive modelling to foresee likely actions (e.g. student drop-out, grade failure and propensity to continue further studies) effectively and decisively.

Make what could be perceived as a daunting challenge simple by choosing the right partner. Speak to our Microsoft Dynamics experts at Crimson today to discuss how CRM can help you meet you and your university's objectives.

www.crimson.co.uk
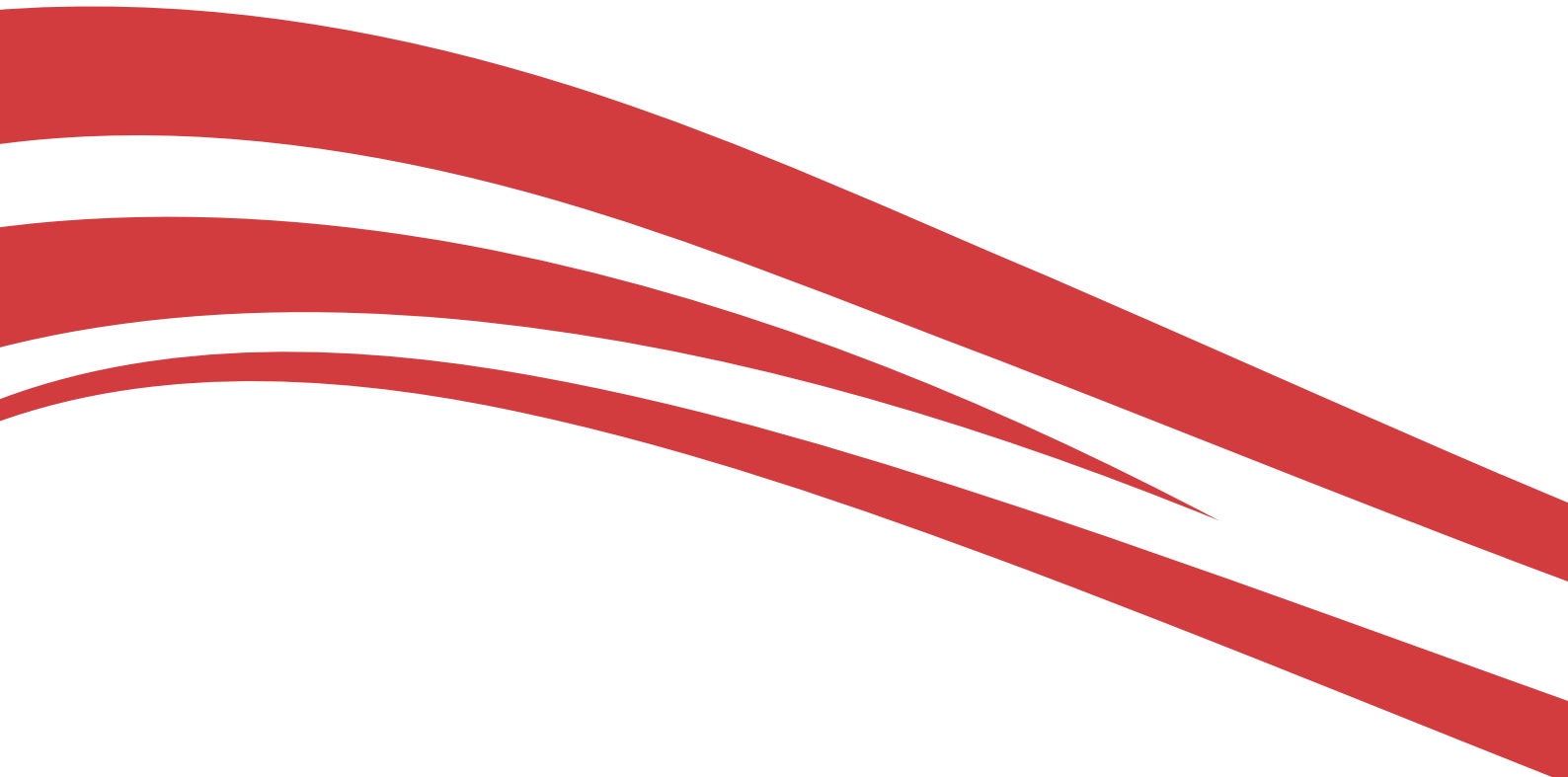
crimson®

2640 Kings Court
The Crescent
Birmingham Business Park
Birmingham
West Midlands
B37 7YE

T: 01675 466 477

Microsoft Partner

Gold   Customer Relationship Management
Gold   Application Development
Silver Collaboration and Content

www.crimson.co.uk

1018