Understanding Your School Market and the Main Trends Impacting the Independent School Community

April 23, 2013
Cannon School
NCAIS Advancement Conference

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What’s Ahead

• Monitoring Our Landscape
  • K-12 **Demographic** Landscape
  • Global, National, Regional **Economic** Landscape
  • **Education Competition** Landscape
  • **Our World** at a Glance

• **Niche Marketing and Micro Climates: Understanding and Communicating with Current and Prospective Parents**
  • Who Are They
  • Brand analysis and tuition elasticity (pilot)

• **Reflections and Action Suggestions**
Trends Affecting Student Population
Demographic Landscape

Percentage of Asian American Student in All Schools vs. Independent Schools, 1990-2012

Sources: U.S. Census Bureau, NAIS StatsOnline.

© National Association of Independent Schools
Demographic Landscape

Percentage of Hispanic Students in All Schools vs. Independent Schools, 1990-2012

Sources: U.S. Census Bureau, NAIS StatsOnline.
Enrollment by Ethnicity and Race-NC, 2012

- African American: 6%
- American Indian: 0%
- Asian American: 6%
- Caucasian: 79%
- International Students: 2%
- Latino/Hispanic American: 4%
- Multiracial Students: 2%
- Unsure: 1%

Source: NAIS StatsOnline, Student Diversity
Share of Asian Population-NC, 2012

- Wilmington: 1.0% (Population), 1.2% (Student Population)
- Asheville: 1.1% (Population), 1.4% (Student Population)
- Charlotte, Gastonia, Rock Hill: 3.5% (Population), 3.5% (Student Population)
- Greensboro, High Point: 3.3% (Population), 4.1% (Student Population)
- Durham, Chapel Hill: 4.8% (Population), 4.2% (Student Population)
- Raleigh-Cary: 4.9% (Population), 5.1% (Student Population)

Source: NAIS Demographic Center
Share of Hispanic Population-NC, 2012

- Wilmington: 5.7%
- Greensboro, High Point: 7.9%
- Asheville: 6.9%
- Charlotte, Gastonia, Rock Hill: 10.4%
- Raleigh-Cary: 10.7%
- Durham, Chapel Hill: 19.5%

Legend:
- Blue: % Hispanics Among Pop.
- Orange: % Hispanics Among Student Pop.

Source: NAIS Demographic Center
# NAIS Demographic Snapshots

## Charlotte-Gastonia-Rock Hill, NC-SC

<table>
<thead>
<tr>
<th>Category</th>
<th>2012 Values</th>
<th>5 Year Change Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>1,812,060</td>
<td>10.26%</td>
</tr>
<tr>
<td>Total Households</td>
<td>690,939</td>
<td>8.37%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>59,908</td>
<td>15.93%</td>
</tr>
<tr>
<td>Median Home Value</td>
<td>177,473</td>
<td>6.71%</td>
</tr>
<tr>
<td>Employment as Percentage of Employment Potential</td>
<td>0.62</td>
<td>-6.45%</td>
</tr>
<tr>
<td>Total School Age Population</td>
<td>470,475</td>
<td>11.69%</td>
</tr>
<tr>
<td>Male School Age Population</td>
<td>240,480</td>
<td>11.56%</td>
</tr>
<tr>
<td>Female School Age Population</td>
<td>229,995</td>
<td>11.83%</td>
</tr>
<tr>
<td>White School Age Population</td>
<td>264,258</td>
<td>1.60%</td>
</tr>
<tr>
<td>Black School Age Population</td>
<td>130,596</td>
<td>21.53%</td>
</tr>
<tr>
<td>Asian School Age Population</td>
<td>16,271</td>
<td>38.57%</td>
</tr>
<tr>
<td>American Indian and Alaska Native School Age Population</td>
<td>2,578</td>
<td>13.15%</td>
</tr>
<tr>
<td>Other Race School Age Population</td>
<td>33,314</td>
<td>14.46%</td>
</tr>
<tr>
<td>Two or More Races School Age Population</td>
<td>23,458</td>
<td>47.79%</td>
</tr>
<tr>
<td>Hispanic School Age Population</td>
<td>66,405</td>
<td>15.92%</td>
</tr>
<tr>
<td>White Non-Hispanic School Age Population</td>
<td>236,681</td>
<td>-0.23%</td>
</tr>
</tbody>
</table>

- Families with Children 0-17: 250,670, 8.58%
- Families with Children 0-17 and Income $150,000 and Above: 36,417, 58.84%
- Education, Enrolled K-12 Private Schools: 52,134, 1.06%
- K-12 Tuition Spending Per Student: $1,980, 39.64%
- Education Tuition Potential: A

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<table>
<thead>
<tr>
<th>States</th>
<th>Durham-Chapel Hill, NC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population:</strong></td>
<td>516,776</td>
</tr>
<tr>
<td><strong>Total Households:</strong></td>
<td>207,361</td>
</tr>
<tr>
<td><strong>Median Household Income:</strong></td>
<td>56,404</td>
</tr>
<tr>
<td><strong>Median Home Value:</strong></td>
<td>190,827</td>
</tr>
<tr>
<td><strong>Employment as Percentage of Employment Potential:</strong></td>
<td>0.59</td>
</tr>
<tr>
<td><strong>Total School Age Population:</strong></td>
<td>113,186</td>
</tr>
<tr>
<td><strong>Male School Age Population:</strong></td>
<td>57,612</td>
</tr>
<tr>
<td><strong>Female School Age Population:</strong></td>
<td>55,574</td>
</tr>
<tr>
<td><strong>White School Age Population:</strong></td>
<td>53,786</td>
</tr>
<tr>
<td><strong>Black School Age Population:</strong></td>
<td>35,051</td>
</tr>
<tr>
<td><strong>Asian School Age Population:</strong></td>
<td>4,763</td>
</tr>
<tr>
<td><strong>American Indian and Alaska Native School Age Population:</strong></td>
<td>718</td>
</tr>
<tr>
<td><strong>Other Race School Age Population:</strong></td>
<td>12,654</td>
</tr>
<tr>
<td><strong>Two or More Races School Age Population:</strong></td>
<td>6,214</td>
</tr>
<tr>
<td><strong>Hispanic School Age Population:</strong></td>
<td>22,050</td>
</tr>
<tr>
<td><strong>White Non-Hispanic School Age Population:</strong></td>
<td>46,216</td>
</tr>
<tr>
<td><strong>Families with Children 0-17:</strong></td>
<td>62,709</td>
</tr>
<tr>
<td><strong>Families with Children 0-17 and Income $150,000 and Above:</strong></td>
<td>9,941</td>
</tr>
<tr>
<td><strong>Education, Enrolled K-12 Private Schools:</strong></td>
<td>12,686</td>
</tr>
<tr>
<td><strong>K-12 Tuition Spending Per Student:</strong></td>
<td>$2,276</td>
</tr>
<tr>
<td><strong>Education Tuition Potential:</strong></td>
<td>A</td>
</tr>
</tbody>
</table>
How will this affect your enrollment numbers for PreK and K?
Economic Trends Affecting Families
Recovery Performance-Charlotte, Q4 2012

Unemployment rate

Seasonally adjusted unemployment rate

- 2004: 8.5%
- 2005: 7.8%
- 2006: 9.3%
- 2007: 9.3%
- 2008: 9.3%
- 2009: 9.3%
- 2010: 7.8%
- 2011: 7.8%
- 2012: 7.8%

House prices

FHFA House Price Index, (Q1 2005=100)

- 2005: 85.5
- 2006: 85.5
- 2007: 85.5
- 2008: 85.5
- 2009: 85.5
- 2010: 85.5
- 2011: 85.5
- 2012: 85.5

Source: Brookings, Metro Monitor, March 2013
Recovery Performance-Greensboro-High Point, Q4 2012

Unemployment rate

Seasonally adjusted unemployment rate

House prices

FHFA House Price Index, (Q1 2005=100)

Source: Brookings, Metro Monitor, March 2013
Economic Landscape

CHANGE IN INCOME
at various income levels since 1980

+300%
+200%
+100%

<table>
<thead>
<tr>
<th>Income percentile</th>
<th>Income in 2010</th>
<th>Change since '80</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.99th</td>
<td>$7,890,000</td>
<td>+199%</td>
</tr>
<tr>
<td>99.9th</td>
<td>$1,492,000</td>
<td>+115%</td>
</tr>
<tr>
<td>99th</td>
<td>$352,000</td>
<td>+63%</td>
</tr>
<tr>
<td>95th</td>
<td>$150,000</td>
<td>+32%</td>
</tr>
<tr>
<td>90th</td>
<td>$108,000</td>
<td>+21%</td>
</tr>
<tr>
<td>50th</td>
<td>$49,000</td>
<td>+11%</td>
</tr>
</tbody>
</table>

Sources: Emmanuel Saez and Thomas Piketty; Census Bureau.

THE NEW YORK TIMES
Economic Landscape

Saving for K-12 or for College?

• College student debt at $1 trillion, more than mortgage and credit cards.

• ~20% of student loans in the repayment cycle are delinquent.

• More high income families are applying for financial aid.

American Taxpayer Relief Act

- Raises income tax to 39.6% on incomes above $400k/$450k.
- Raises capital gains and dividends tax rates to 20 percent for the same $400K/$450K earners.
- The Personal Exemption Phaseout (PEP) and Pease deduction caps are reinstated on incomes over $250K/$300K.
- Includes 1-year extension for the IRA Charitable Rollover provision
- Preserves the Coverdell Education Savings Accounts at its current level of up to $2,000 contributed annually.
Higher-Income Professional
Income: $150,000

The loss of the payroll break hits people like this hard because they have been getting the
maximum break of around $2,200. Other changes such as a new limit on health-savings
accounts also take a bite. But this group escaped the new rate increases and tax break
limits on higher-income households.

Average tax rate under new law: 22.0%
Average federal tax change: Up $1,784, or 6.5%

Vey High Income Households
Income: more than $1 million

Here’s where the new taxes hit hardest. These households pay the new top income-tax
rate of 39.6% (up from 35%). They also must pay higher tax rates on capital gains and
dividends, and face new limits on exemptions and deductions. They also will pay new
health-care-related taxes, including on investment income.

Average tax rate under new law: 38.5%
Average federal tax change: Up $170,341, or 15.5%

High-Income Couple
Income: $350,000

This couple gets hit by loss of the payroll break plus a range of other tax increases. Those
include new limits on personal exemptions and itemized deductions under the fiscal-cliff
bill, plus higher Medicare taxes and higher taxes on investment income that were part of
the 2010 health care law.

Average tax rate under new law: 25.6%
Average federal tax change: Up $2,699, or 3.9%

Trends Affecting the Competitor Landscape
Education Competition

Percentage of Charter School Enrollment Drawn from Private Sector

## Education Competition

### Charter Schools in North Carolina

<table>
<thead>
<tr>
<th></th>
<th>2011-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>37,407</td>
</tr>
<tr>
<td>% over all public students</td>
<td>2.9%</td>
</tr>
<tr>
<td># of charter schools</td>
<td>107</td>
</tr>
</tbody>
</table>

- **Cap:** No legal limit. A cap lift in 2011 spurred additional proposals, but the process remains very restrictive.
- **State provides no funding for charter schools**

Source: The Center for Education Reform
Education Competition

Charter Schools by Location-NC

Source: State Board of Education, Public Schools of North Carolina
BENEFITS

Online learning prepares students for real world challenges. In addition, our instructors have been specially trained to facilitate a stimulating and productive online learning experience. Some of the benefits include:

- Lessons can be customized for the learner.
- Learning opportunities may be woven into daily routine.
- The learning process can be self-directed (asynchronous) and/or teacher-facilitated (synchronous) depending on the lesson.
- Format uses resources more efficiently and effectively. Students can return to lessons, learn via video, and/or listen to a podcast at a time when they are ready to learn and relearn a concept.
- Online learning is a part of business life in the 21st Century and students get an early start on learning the tools and processes that will make them successful in tomorrow’s world.

Your schedule, your pace, your place. If you can maintain the necessary self-discipline, the benefits of eLearning are almost too numerous to count. You can cover the material when you have time, go over it as often as you need, all without traveling to the classroom. There are no parking problems or expenses, transportation fees, athletic fees, housing and food service fees, plus you can take the class from any location with Internet access. There have been many studies showing that eLearning students retain the material to a significantly greater degree than face-to-face instructor led classes. The content delivery is consistent and can be easily repeated if needed to gain a better understanding.
Education Competition

Source: http://homeschooling.gomilpitas.com/weblinks/numbers.htm#.UO-nm288CSo
## Number of Home Schools by Type

**School Year: 10-11**

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>15,789</td>
<td>34.7%</td>
</tr>
<tr>
<td>Religious</td>
<td>29,735</td>
<td>65.3%</td>
</tr>
<tr>
<td>Total</td>
<td>45,524</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

## Top 10 Counties by Homeschool Enrollment

**School Year: 10 – 11**

<table>
<thead>
<tr>
<th>County</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wake</td>
<td>8,033</td>
</tr>
<tr>
<td>Forsyth</td>
<td>2,515</td>
</tr>
<tr>
<td>Mecklenburg</td>
<td>6,098</td>
</tr>
<tr>
<td>Cumberland</td>
<td>2,291</td>
</tr>
<tr>
<td>Guilford</td>
<td>3,308</td>
</tr>
<tr>
<td>Johnston</td>
<td>2,039</td>
</tr>
<tr>
<td>Buncombe</td>
<td>3,217</td>
</tr>
<tr>
<td>Cabarrus</td>
<td>1,974</td>
</tr>
<tr>
<td>Union</td>
<td>3,192</td>
</tr>
<tr>
<td>Gaston</td>
<td>1,762</td>
</tr>
</tbody>
</table>

83,609 homeschooled students

Our World at a Glance

• Did you know that between 2006-2011…
  • Annual giving dropped 1%
  • Endowment dropped 8%
  • Tuition rose 28%
  • Fin aid recipients rose 31%
  • Fin aid apps rose 31%
  • Fin aid budgets rose 49%

Source: StatsOnline Core Samples
Our World at a Glance

Admission Activity per Enrollee at NAIS Schools, 2005–06 to 2010–11

Source: NAIS Core Sample Enrollment Statistics
## Our World at a Glance

### Day Tuitions-Grade 12, North Carolina

<table>
<thead>
<tr>
<th>Percentile</th>
<th>2011-12</th>
<th>2012-13</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>25th Percentile</td>
<td>$15,378</td>
<td>$15,770</td>
<td>2.9%</td>
</tr>
<tr>
<td>50th Percentile</td>
<td>$18,865</td>
<td>$19,388</td>
<td>3.7%</td>
</tr>
<tr>
<td>75th Percentile</td>
<td>$19,809</td>
<td>$20,510</td>
<td>4.7%</td>
</tr>
<tr>
<td>95th Percentile</td>
<td>$21,720</td>
<td>$22,583</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Source: NAIS, StatsOnline, Core Sample
Our World at a Glance: “High-Income” Families

- Top 20% Family Income Earners
  - Range: $113,745 and above
  - Average Income: $187,395 (lowest since 2006)

- Top 5% Family Income Earners
  - Range: $200,354 and above
  - Average Income: $313,298 (lowest since 2005)

- Adjusted for inflation, top 5% saw avg income 2010 drop by 5.2% over 2009
  - Fourth straight year of CPI-adjusted decline

Source: US Census Bureau, Historical Family Income Tables, 2010
Median Day Tuition As % of Avg. Income

Sources: Income data from US Census Bureau; tuition data from NAIS
Median Boarding Tuition As % of Avg. Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Top 20%</th>
<th>Top 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>17.12%</td>
<td>9.78%</td>
</tr>
<tr>
<td>2003</td>
<td>17.60%</td>
<td>10.21%</td>
</tr>
<tr>
<td>2004</td>
<td>18.03%</td>
<td>10.35%</td>
</tr>
<tr>
<td>2005</td>
<td>18.29%</td>
<td>10.45%</td>
</tr>
<tr>
<td>2006</td>
<td>18.11%</td>
<td>10.23%</td>
</tr>
<tr>
<td>2007</td>
<td>19.14%</td>
<td>11.28%</td>
</tr>
<tr>
<td>2008</td>
<td>19.88%</td>
<td>11.58%</td>
</tr>
<tr>
<td>2009</td>
<td>21.06%</td>
<td>12.28%</td>
</tr>
<tr>
<td>2010</td>
<td>22.16%</td>
<td>13.26%</td>
</tr>
</tbody>
</table>

Sources: Income data from US Census Bureau; tuition data from NAIS
Parent Giving: Participation and Avg. Gift

Sources: NAIS StatsOnline, Core Samples – Annual Giving, April 2013
Alumni Giving: Participation and Avg. Gift

Sources: NAIS StatsOnline, Core Samples –Annual Giving, April 2013
Who is Applying for Financial Aid?
SSS Applicant Pool, Selected Years

<table>
<thead>
<tr>
<th>Range of Total Family Income</th>
<th>02-03</th>
<th>09-10</th>
<th>11-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-20K</td>
<td>10.2</td>
<td>6.6</td>
<td>7.7</td>
</tr>
<tr>
<td>20-40K</td>
<td>18.7</td>
<td>12.8</td>
<td>11.8</td>
</tr>
<tr>
<td>40-60K</td>
<td>20.3</td>
<td>14.8</td>
<td>13.6</td>
</tr>
<tr>
<td>60-80K</td>
<td>17.2</td>
<td>13.1</td>
<td>14</td>
</tr>
<tr>
<td>80-100K</td>
<td>12.5</td>
<td>12.4</td>
<td>11.8</td>
</tr>
<tr>
<td>100-120K</td>
<td>8.1</td>
<td>9.6</td>
<td>9.8</td>
</tr>
<tr>
<td>120-150K</td>
<td>6.5</td>
<td>10.7</td>
<td>11</td>
</tr>
<tr>
<td>150K+</td>
<td>6.4</td>
<td>18.8</td>
<td>21.2</td>
</tr>
</tbody>
</table>

Source: SSS By NAIS
Who Qualifies for Aid? Affordability Range for Three Selected Tuition Levels (Adjusted for cost-of-living differences)

<table>
<thead>
<tr>
<th>Day Tuition</th>
<th>“Standard” Full-Pay Income</th>
<th>Full-Pay Income with Chicago COLA*</th>
<th>Full-Pay Income with Los Angeles COLA</th>
<th>Full-Pay Income with NYC COLA (Brooklyn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,000</td>
<td>$115,395</td>
<td>$138,408</td>
<td>$162,555</td>
<td>$246,085</td>
</tr>
<tr>
<td>$25,000</td>
<td>$148,088</td>
<td>$178,805</td>
<td>$211,163</td>
<td>$329,330</td>
</tr>
<tr>
<td>$35,000</td>
<td>$182,003</td>
<td>$220,775</td>
<td>$262,463</td>
<td>$408,220</td>
</tr>
</tbody>
</table>

*Cost-of-living adjustment

Source: SSS by NAIS.

The changing face of financial aid affects...

- Media scrutiny, attention
- Parent entitlement
- School priorities
- Fund-raising and donor cultivation
- Government policymakers
An annual survey of colleges and universities... released by ... Moody’s... on Thursday [1/10/13], found that nearly half of colleges and universities that responded expect enrollment declines for full-time students, and a third of the schools expect tuition revenue to decline or to grow at less than the rate of inflation. Moody’s analysts say the problems are particularly acute at smaller, tuition-dependent schools and lower-rated universities, which have less ability to raise prices or attract students.

“The cumulative effects of years of depressed family income and net worth, as well as uncertain job prospects for many recent graduates, are combining to soften student market demand at current tuition prices,” said Emily Schwarz, a Moody’s analyst and lead author of the report, in a statement.

[...] Before the financial crisis of 2008, colleges and universities routinely raised tuition with little effect on the number of prospective students who applied. Some private colleges said that applications actually increased when they bolstered prices, apparently because families equated higher prices with quality.

Source: New York Times, Colleges Expect Lower Enrollment
http://www.nytimes.com/2013/01/11/business/colleges-expect-lower-enrollment.html?_r=0
Niche Marketing and Micro Climates
Niche Marketing and Micro Climates: Understanding Your Parents

• What do you think most parents want when faced with a hefty (what’s yours?) tuition bill?
  • **Value**? Am I getting my money’s worth (or whatever value means to the parent)?
    • Study Question: What does value mean to you?
  • Prospective parents value proposition vs current parents value proposition—is there a difference?
  • **PPV**: Think about your **perceived product value**
    • To be financially sustainable, your product (the education you provide) needs to be perceived as having enough value that prospective and current parents will pay the price you set (tuition and tuition plus annual increase).
    • So, the BIG question is...what’s your PPV?

• Why does this matter? Parent Segmentation/Motivation Research
What Is Your Perceived Value?

Anonymous

We heard from one of our children's schools last week about the tuition increase for next year. It's astonishing to me that with low inflation, high unemployment and people going without raises (not to mention pay cuts) for the last several years, that schools are so oblivious, and seem hell-bent on upping tuition 3-4% every year "to ensure excellence" or "for the good of the students". I'm locked in for now, but what a racket. Ugh.

You must not live in the dc area

Anonymous

I disagree that an extra $125/mo isn't a tipping point. If you are not making any more money (and we are all making less due to the payroll tax increase) this means additional sacrifice.

Anonymous

Define sacrifices? One extra evening eating out? Less trips to the spa. Coach seats to the Bahamas.

It amazes me how some families feel entitled to financial support to subsidize their lifestyle. We all make sacrifices and if you want a private school education, suck it up!

Anonymous

To 10:20, if you are involved in the decision-making process at a private school, go read the recent School thread. When we attended there @ 7-9 years ago, it almost impossible to get in. I learned just by reading the posts that many families - like us - had to leave for financial reasons/recession - we mainstreamed our son into public school. Until reading that, I had no idea what there were so many openings at I raise this only because if you are on a Board and are thinking of hiking fees (is expensive) just realize many of us have to vote with our feet; and we make too much to qualify for financial aid. Especially if you are the sandwich generation and taking care of elderly parents, supposed your own retirement, and the kids' tuition and prep. for college.

http://dcurbanmom.com
2011 NAIS Parent Motivations Survey

Three phases:

- Telephone focus groups to inform the survey design process
- Market segmentation survey
- Communications survey to test potential messaging for target segments
Types of High-Income Parents

- Parents Who Push: 10%
- Success-Driven Parents: 28%
- Special Kids' Parents: 26%
- Character-Building Parents: 17%
- Public School Proponents: 19%

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Types of Parents with High Growth Potential

Parents Who Push (10%) want a high quality education with a **challenging** curriculum at a reasonable cost.

Success-Driven Parents (28%) want to provide an education that will help their kids get into a **top college** and be **successful in life**.

Special Kid’s Parents (26%) want a school that will address their **child’s unique personality and needs** (style, learning, behavior).

Character-Building Parents (17%) want more than strong academics; want child to develop a strong **moral character**, too.

Public School Proponents (19%) **firmly believe** in the quality of **public education** and are unlikely to consider independent schools.
Parents Who Push

Key Goals: Challenge their child

Decision Factors:
Primary: Challenging curriculum, reasonable cost

Current School Choice

- Public school: 69%
- Independent private school: 19%
- Public charter school: 5%
- Non-independent private school: 4%
- Public magnet school: 4%

86% of Parents Who Push who have their child in public schools would consider an independent private school, which is higher than other parents.

Top Private Schools Considered:
- Traditional (61%)
- Well-known/high-status (51%)
Success-Driven Parents

Key Goals: Get into a top tier college and have a successful future

Decision Factors:
Primary: Challenging curriculum, small class size, dedicated high quality teachers

Current School Choice

- Independent private school: 49%
- Public school: 35%
- Non-independent private school: 8%
- Public magnet school: 4%
- Public charter school: 3%

63% of Success-Driven Parents who have their child in public schools would consider an independent private school.

Top Private Schools Considered:
- Traditional (56%)
- Well-known/high-status (50%)
- Religious-affiliated independent (43%)
Special Kids’ Parents

**Key Goals:** Get their children the help and attention they need to succeed, want the highest quality education for lowest cost, and help them succeed and bloom

**Decision Factors:**
Primary: Environment conducive to learning, individualized student instruction, curriculum that addresses children with learning differences

**Current School Choice**

- **Public school**: 54%
- **Independent private school**: 30%
- **Non-independent private school**: 9%
- **Public magnet school**: 3%
- **Public charter school**: 2%

68% of Special Kids’ Parents who have their child in public schools would consider an independent private school.

**Top Private Schools Considered:**
- Traditional (63%)
- Well-known/high-status (48%)
Character-Building Parents

**Key Goals:** Grow spiritually and have a high moral character

**Decision Factors:**
Primary: A focus on building students of strong character, morals, and values

---

**Current School Choice**

- Independent private school: 79%
- Non-independent private school: 13%
- Public school: 4%
- Public magnet school: 1%
- Public charter school: 0%

Over 90% of Character-Building Parents believe the quality of instruction, the facilities and resources are better in private schools.

**Top Private Schools Considered:**
- Traditional (56%)
- Religiously-affiliated independent (49%)
- Well-known/high-status (48%)
- Parochial (43%)
Public School Proponents

Key Goals: Help child develop/maintain a love of learning
Decision Factors:
   Primary: Well-rounded education, reasonable cost, community-focused

Current School Choice

- Public school: 91%
- Public magnet school: 7%
- Public charter school: 1%
- Independent private school: 0%
- Non-independent private school: 0%

Top Private Schools Considered:
   - Traditional (59%)

23% of Public School Proponents who have their child in public schools would consider an independent private school, the lowest of all groups.
Sample Messages

Parents Who Push:
– “An environment where your child is free to be challenged by teachers who are free to teach”

Success Driven Parents:
– “Excellence, not standardization is the standard”
– “Invest in an education that pays dividends for a life time”

Special Kids’ Parents:
– “You expect success. We make it happen”

Character-Building Parents:
– “Sometimes an education is about more than just knowing the right answer, it’s about knowing what’s right”
– “In our classroom, integrity is part of every lesson.”
– “Put your child on the right path for life”
Niche Marketing and Micro Climates: Understanding Your Branding

• Do you know who you are and what you can offer? Is there a match with what parents want? (Let’s say yes!)

• Do you know who your current and prospective parents are? What they want and need? (Bit more difficult?)
  • What type of expectations do they have?
  • What type of school are they looking for?
  • Is school about them or their child? Both?
  • Is money no object for them or is it a factor?

• What makes you different from your competition?
Research/Pilot Schools

School A: Is losing students and wanted to revamp its brand.

School B: Wanted to test its brand and understand its position in the market.

School C: Is sensing that its parent body is changing. Wants to attract the right type of families.

School D: Is noticing rapid demographic changes in the area. Wants more demographic and geographic diversity.

School E: Is facing more competition and some demographic changes. Wants to assess its position in the market.
Pilot School C: Situation

- School challenge: is sensing that its parent body is changing. Wants to attract the right type of families.
- Enrollment is steady; some competition
- Wants to secure position in market
Pilot School C: Research

- **Profile** prospective (five years’ students who applied but denied or didn’t go) and current **parent base**

- **Identify** key characteristics parents **associate** with School C

- **Assess price sensitivity** to potential tuition changes and how could impact market position and enrollment

- **Survey:** **online**, parent had to have at least one child k-12, income min $100k one child/$150k 2+
Pilot School C: Research

• Who are School C’s prospective and current parents?
  • Mostly Special Kids, Success-Driven, and Character-Building Parents
  • That is...
  • Special Kids Parents: looking for school can address unique personality and needs (learning, style, behavior)
  • Success-Driven: want to provide an education will help kids get into top colleges and be successful in life
  • Character-Building Parents: want more than awesome academics; want child develop strong moral character
Type of Parents at School C

Profile of Current Parents (n=112)
- Special Kids' Parents, 38%
- Success-Driven, 36%
- Character-Building, 22%
- Public School Proponents, 4%
- Parents Who Push, 1%

Profile of Prospective Parents (n=224)
- Special Kids' Parents, 31%
- Success-Driven, 29%
- Character-Building, 25%
- Public School Proponents, 8%
- Parents Who Push, 8%
Current Parents’ Perceptions

- Current Parents (n=112)
  - Strengths:
    - Maintains high academic standards
    - Has a challenging curriculum
    - Is well established
    - Has dedicated and high quality teachers
    - Provides an environment of achievement
    - Cares about its students
    - Has a high achieving student body
    - Provides a well-rounded education
    - Has strong ethics
    - Has a warm and friendly atmosphere
  - Improvement Priorities:
    - Offers high quality extracurricular activities and athletics
    - Is involved in the community
    - Provides an edge in college admission
    - Is affordably priced
    - Is ethnically diverse
    - Is difficult to get into

Brand Perceptions - % Describes Brand Well (rated a 9 or 10 on 10-point scale)
### Prospective Parents’ Perceptions on Brand

(% rating 9 or 10 on a 10-point scale, where 10=describes school very well)

<table>
<thead>
<tr>
<th>Perception</th>
<th>School C</th>
<th>Competitor 1</th>
<th>Competitor 2</th>
<th>Competitor 3</th>
<th>Competitor 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintains high academic standards</td>
<td>91%</td>
<td>64%</td>
<td>74%</td>
<td>38%</td>
<td>21%</td>
</tr>
<tr>
<td>Has a challenging curriculum</td>
<td>89%</td>
<td>62%</td>
<td>87%</td>
<td>34%</td>
<td>26%</td>
</tr>
<tr>
<td>Is well established</td>
<td>88%</td>
<td>88%</td>
<td>83%</td>
<td>36%</td>
<td>76%</td>
</tr>
<tr>
<td>Has a high achieving student body</td>
<td>88%</td>
<td>64%</td>
<td>74%</td>
<td>30%</td>
<td>8%</td>
</tr>
<tr>
<td>Provides an environment of achievement</td>
<td>83%</td>
<td>65%</td>
<td>74%</td>
<td>36%</td>
<td>26%</td>
</tr>
<tr>
<td>Has dedicated and high quality teachers</td>
<td>78%</td>
<td>65%</td>
<td>89%</td>
<td>51%</td>
<td>24%</td>
</tr>
<tr>
<td>Provides an edge in college admission</td>
<td>74%</td>
<td>59%</td>
<td>67%</td>
<td>27%</td>
<td>18%</td>
</tr>
<tr>
<td>Is difficult to get into</td>
<td>73%</td>
<td>53%</td>
<td>79%</td>
<td>11%</td>
<td>--</td>
</tr>
<tr>
<td>Cares about its students</td>
<td>67%</td>
<td>61%</td>
<td>64%</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>Has strong ethics</td>
<td>64%</td>
<td>55%</td>
<td>58%</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Focuses on building students with strong morals, ethics and values</td>
<td>59%</td>
<td>45%</td>
<td>70%</td>
<td>52%</td>
<td>61%</td>
</tr>
<tr>
<td>Has a warm and friendly atmosphere</td>
<td>36%</td>
<td>39%</td>
<td>46%</td>
<td>50%</td>
<td>36%</td>
</tr>
<tr>
<td>Provides a well-rounded education</td>
<td>54%</td>
<td>64%</td>
<td>82%</td>
<td>43%</td>
<td>47%</td>
</tr>
<tr>
<td>Is innovative</td>
<td>44%</td>
<td>43%</td>
<td>63%</td>
<td>44%</td>
<td>21%</td>
</tr>
<tr>
<td>Is involved in the community</td>
<td>41%</td>
<td>43%</td>
<td>55%</td>
<td>34%</td>
<td>63%</td>
</tr>
<tr>
<td>Is ethnically diverse</td>
<td>37%</td>
<td>41%</td>
<td>54%</td>
<td>29%</td>
<td>65%</td>
</tr>
<tr>
<td>Offers high quality extracurricular activities and athletics</td>
<td>35%</td>
<td>60%</td>
<td>50%</td>
<td>35%</td>
<td>74%</td>
</tr>
<tr>
<td>Is affordably priced</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
<td>5%</td>
<td>65%</td>
</tr>
</tbody>
</table>
Reasons Child Doesn’t Attend School C

**Prospective Parents**

1. Didn’t admit my child: 30%
2. Child not comfortable in environment: 26%
3. Too expensive: 17%
4. No extracurricular activities of interest: 15%
5. Location was too far from home: 12%
6. Curriculum was too rigorous: 9%
7. Not a good value for the money: 6%
8. Child wouldn't be successful academically: 6%
9. School couldn't address child’s learning style: 6%
10. Not enough financial aid: 5%
11. Curriculum/acad. std. didn’t meet expectations: 4%
12. Other: 43%

**School Child is Currently Attending (Prospective Parents)**

- Competitor 1: 19%
- Competitor 4: 13%
- Competitor 3: 13%
- Competitor 2: 4%
- Other competitors: 18%
- Another public school: 10%
- Another private school: 20%
- No answer: 3%
Reasons Child Doesn’t Attend School C
High Income Families

Prospective Parents More than $300k/year

- Didn’t admit my child: 28%
- Child not comfortable in environment: 28%
- No extracurricular activities of interest: 18%
- Location was too far from home: 14%
- Too expensive: 10%
- Not a good value for the money: 6%
- Child wouldn't be successful academically: 6%
- School couldn't address child’s learning style: 6%
- Curriculum was too rigorous: 4%
- Curriculum/acad. stds. didn’t meet expectations: 4%
- Not enough financial aid: 2%
- Other: 29%

School Child is Currently Attending (Prospective Parents with Annual Incomes of +$300K)

- Competitor 1: 14%
- Competitor 4: 13%
- Competitor 3: 13%
- Competitor 2: 5%
- Other Competitors: 18%
- Another public school: 16%
- Another private school: 16%
- No answer: 5%

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Pilot School C: Research Findings

• Awareness local schools
  • A number of competitor schools had higher unaided and aided awareness levels
  • Prospective/current slightly different awareness take
  • Reputation didn’t necessarily equate with most familiar; highest impression amongst competitors had med-low familiarity

• Sources of Awareness and Information
  • Where do prospective parents find out about schools?
  • Where do prospective parents get more info to assess schools?
### Sources of Awareness and Information

#### Source of School Awareness

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends, family, neighbors</td>
<td>92%</td>
</tr>
<tr>
<td>School is well-known</td>
<td>88%</td>
</tr>
<tr>
<td>Current school counselor/advisor</td>
<td>44%</td>
</tr>
<tr>
<td>See campuses when driving around</td>
<td>38%</td>
</tr>
<tr>
<td>Internet search for schools in area</td>
<td>32%</td>
</tr>
<tr>
<td>School consultant</td>
<td>12%</td>
</tr>
<tr>
<td>Your own experience/alumnus</td>
<td>11%</td>
</tr>
<tr>
<td>Advertising or mail from schools</td>
<td>11%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
</tr>
</tbody>
</table>

#### Sources Used to Gather Information About Schools

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus visits</td>
<td>59%</td>
</tr>
<tr>
<td>Parents of current students at the school</td>
<td>39%</td>
</tr>
<tr>
<td>Friends, family, neighbors</td>
<td>39%</td>
</tr>
<tr>
<td>The school's website</td>
<td>36%</td>
</tr>
<tr>
<td>Printed brochures and info from the school</td>
<td>37%</td>
</tr>
<tr>
<td>School comparison websites</td>
<td>3%</td>
</tr>
<tr>
<td>Phone calls to schools you are interested in</td>
<td>4%</td>
</tr>
<tr>
<td>Other websites</td>
<td>4%</td>
</tr>
<tr>
<td>School consultant</td>
<td>2%</td>
</tr>
<tr>
<td>Child's healthcare team</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

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School C: Price Perceptions

- **Price Perceptions**
  - **Van Westendrop model** diff price levels affect perception of a product/service. Low price = bargain, too low = poor quality; too high premium quality but could reduce sales if exceeds budget of buyers.
  - Parents asked about tuition: cheap/too cheap/expensive/too expensive.
  - Going price/Point of Marginal Cheapness/Point of Marginal Expensiveness
Price Perception: Current Parents

Total Financial Commitment per School Year
- Current Parents (n=100) -

Point of marginal cheapness: >$15,000

Going Price: $23,000-$24,000

Point of marginal expensiveness: <$34,000

- Cheap - Expensive - Too expensive - Too cheap -

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Price Perception: Prospective Parents

Total Financial Commitment per School Year
- Prospects (n=224) -

Point of marginal cheapness: >$15,000
Going Price: $21,000-$22,000
Point of marginal expensiveness: <$30,000

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Reflections and Suggestions

- Monitor national and local trends
  - Economic, educational, social, technological, demographic
- Monitor the competitive landscape
  - Differentiate to create a competitive advantage
- Identify and segment target audiences
  - Create messaging that will resonate with the target audience
- Conduct a brand and tuition elasticity analysis
  - Brand attributes
- Monitor audience perceptions, needs, and desires
  - Emphasize and develop programs that resonate with parents
- Create an effective marketing strategy with relevant messages
- Consider using dashboards and financial health indicators
NAIS Sustainability Tools

- Demographic Center
- Survey Center
- StatsOnline
- Trendbook
- Parent Motivations Survey
- Learnings from Pilots
- Targeted Parent Segmentation Survey To Come
- Trustee Dashboard
Thank You!