

mtm SCHOOL MATTERS

APRIL 2012

The squeeze on first-time buyers

For more than two decades, it was a source of confidence and pride for independent schools that so many of the parents who chose them were 'first-time buyers.'

Definitions and percentages differed but there was general agreement and satisfaction that healthy growth in the sector was sustained by a constant stream of families choosing to pay fees for their children's education for the first time.

The most consistent and reliable evidence of this trend came from the series of reports that the Independent Schools Information Service (ISIS) commissioned from MORI in the 1990s. These regularly showed the proportion of first-time buyer pupils, neither of whose parents had themselves been educated privately, between 40 and 50 per cent of the total.

But is there now a major, once-in-a-generation, change in parental choice? Is the prolonged period of economic uncertainty, combined with the long-term effects of the rising cost of independent education, starting to squeeze out the first-time buyer?

The first signs that such a change might be happening were noted in the 2012 **mtmconsulting** Education Sector Report. Commenting on the recent 'gentle downward trajectory' in independent school numbers, **mtmconsulting's** chief analyst Gavin Humphries wrote:

'The sector has not expanded its market for the last seven years. It has probably stopped recruiting marginal buyers (which is why numbers held up remarkably well in this recession compared to previous ones when they exited the market). But we also suspect that the sector is now recruiting fewer first time buyers.'

Now an analysis of nearly 100,000 independent school parent postcodes,

By Dick Davison

collected over an eight-year period, confirms that Gavin's suspicion may indeed be accurate.

mtmconsulting has collected the postcode data, from independent schools of all types, for **MANDARIN** analyses of catchment areas and their potential for recruitment. And analysis of that enormous dataset, stretching back nearly a decade, reveals small but highly significant recent changes.

Most independent school families – nearly 90% – are drawn from six of the 17 socio-demographic groups in the Acorn classification system. Five of these, 1A to 2E, represent the most secure groups in society, while the sixth, 3H, is the one most likely to contain first-time buyers.

Comparison of the change in these groups between 2003-5 and 2009-11 shows that families from the most

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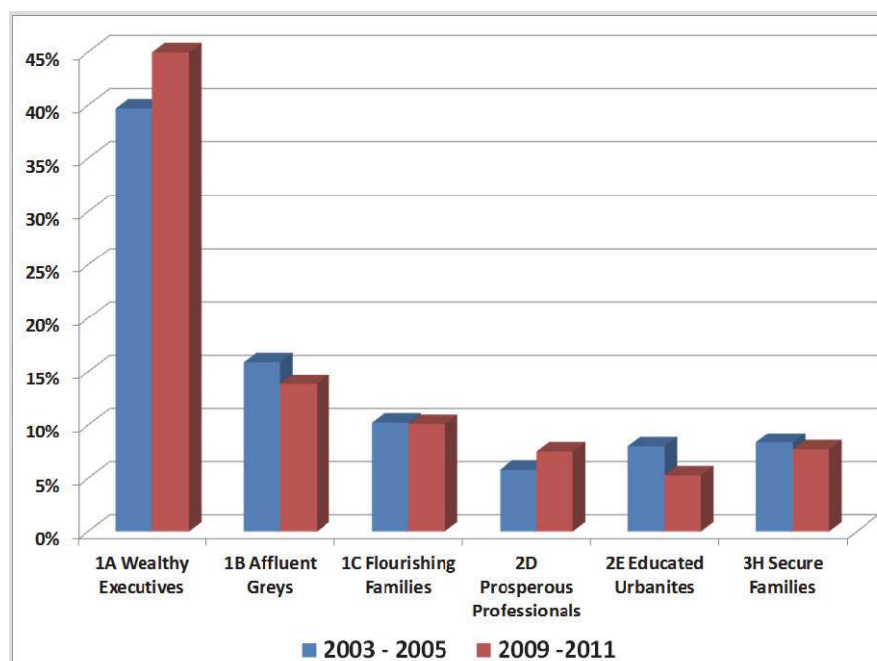
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Fees co-operation

mtmconsulting and ISC to work together on new fees research

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Email: office@mtmconsulting.co.uk



The squeeze on first-time buyers

More:

- ◆ Wealthy Executives
- ◆ Prosperous Professionals

Fewer:

- ◆ Affluent Greys
- ◆ Educated Urbanites
- ◆ Secure Families

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prosperous sections of society – 1A Wealthy Executives and their urban counterparts 2D Prosperous Professionals – both increased as a proportion, from 39.7% to 45% and from 5.8% to 7.5% respectively.

By contrast, those from 2E Educated Urbanites and 3H Secure Families, from which the aspirational first-time buyers are most likely to be drawn, both declined as a proportion, from 8% to 5.3% and from 8.3% to 7.7% respectively. The proportion coming from areas categorised as 1B Affluent Greys also fell.

Small shifts maybe, but significant. They suggest a sector growing ever more reliant on its small traditional core market of the most secure families in society but with declining appeal to the socially mobile.

And note too the report last month in the *Daily Telegraph*, that middle-class families are turning back to the state sector. Half the parents who call The Good Schools' Guide's telephone advice line now ask about state schools, compared to 10 per cent five years ago. 'The interest is primarily money-driven, but has also been spurred by the publicity surrounding the Free Schools movement, allowing groups of parents to set up their own schools, and the transformation of many comprehensives into academies.'

In the Education Sector Report, Gavin Humphries concluded: 'If this is the case, then it does have some serious long-term implications for future growth, given that fee-charging school children are 10% more likely to use the sector for their own offspring. If the fee-charging sector wishes to grow, or even maintain its existing rolls, it cannot allow fees to creep too far above income again.'

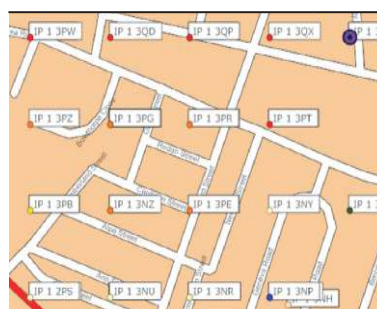
It's not only the Chancellor of the Exchequer who needs to worry about the 'squeezed middle.'

Mandarin informs your strategy and focuses marketing



Mandarin, *mtmconsulting's* unique market analysis and planning tool has been improved even further.

Mandarin (*Marketing and Area Intelligence*) was first designed more than a decade ago to harness the wealth of socio-demographic data available to business planners to the special circumstances of independent schools.



Mandarin can now map your catchment down to individual street level, coding each location with its dominant socio-demographic group.

It has been progressively refined as *mtmconsulting* research has added to our understanding of parental choice. Crucially, the commercially-available databases give no direct clue as to families' propensity to buy independent education.

Now, harnessing research into incomes and parental budgets, Mandarin can give accurate assessments of the numbers of families likely to pay for their children's education, down to the smallest population output area.

To find out how Mandarin can help your school, contact office@mtmconsulting.co.uk.

NICKY ADAMS, **mtm**
marketing consultant,
asks:



Do you know your tweets from your trolls?



The language of social media and digital marketing may be all Greek to some of us, but schools that don't embrace the online lexicon and create a meaningful presence in the ether will be denying themselves the chance to communicate with a vital target market of internet-savvy parents and pupils.

Online and digital marketing activity is an essential component of any business' marketing strategy in 2012 and, of course, schools are no exception. Recruiting – and retaining – pupils and parents is an on-going quest for schools' marketers and, with 61% of UK adults now regular users of social media, this netherworld of tweets, likes, avatars and friend requests is one that schools should try to become comfortable inhabiting.

Websites are now a well-established and indispensable marketing tool – what modern parent would even consider booking a weekend away without consulting lastminute.com and tripadvisor? So when it comes to choosing the right school for their off-spring, parents tend to reach for the mouse before even thinking about leaving the house.

True, the website is an essential and indispensable fount of knowledge about your school – from the ethos and fees to what's served for lunch – but social networks bring an interactive dimension to marketing that is perhaps the equivalent of the 'Open All Hours' corner shop experience, compared to the Amazon or Tesco Direct 'untouched-by-human-hand' approach to customer relations.



Your school can pop a news story on its website crowing about the First XI's superb victory in the regional championships, or another gigantic crop of GCSE results, but tweet the triumph on Twitter, or post a self-congratulatory status update on Facebook, and watch the 'well done's roll in. With the average Twitter-user having 27 followers, it doesn't take too many 're-tweets' (passing on of a tweet, or message) before the success is 'viral' and a good chunk of the county's – and perhaps the country's – population of parents knows about it. Post an update about the school play next week and it could boost ticket sales among parents who suddenly remember they've forgotten to invite Granny, and let the rest of the world know that your drama department is capable of pulling off Kafka. Keeping your

- ♦ **94% of parents visit the website of a school they are considering before taking their interest further** ('The Missing Million' *mtmconsulting* 2011)
- ♦ **Over a quarter of adults (27%) and almost half of teenagers (47%) now own a smartphone** (*Ofcom* August 2011)
- ♦ **59% have acquired their smartphone — iPhones, Blackberrys and Android phones — over the past year** (*Ofcom* August 2011)
- ♦ **61% of UK adults use social media** (*Lansons Communications* 2011)

school's achievements and community activities in the minds of both current and prospective parents is the key objective of any school's marketing strategy and social networking is a useful tool that just can't be ignored.

Like all things in life, however, there is a flip-side - the powers of social networkers are not in all cases used for good. The chances are that a high proportion of your school's students (senior, hopefully) are already smooth operators on Twitter, Facebook, YouTube and similar, and keeping a watchful eye on their online activities is another reason schools should be very much in evidence in the ether. From full-blown internet bullying to silly and ill-advised behaviour, what its pupils get up to on social networking sites can have a seriously detrimental effect on a school's name online just as in the 'real' world (perhaps outside McDonalds after school on a Friday night). So, knowing what the social networking boundaries are, and how to enforce them, is extremely important to any school wanting to preserve and protect its pupils' - and its own - reputation.

While the social networks allow for multi-way conversations with a whole crowd of your school's interested parties, digital marketing methods are increasingly being used by schools to communicate specifically with

parents and to keep them in the educational loop. The days of the photocopied letter home (usually to be found scrunched up in the bottom of the school bag at the end of the week) are well and truly numbered - replaced instead by bright, shiny HTML e-newsletters, complete with photos, delivered straight to the parent's inbox or iPhone at the click of a mouse in the head's office. E-shots are instant reminders of the things that parents are likely to forget - kick-off time for Saturday afternoon, the after-school choir rehearsal, fund-raising activities - but really want to know.

Building an effective online presence and taking a co-ordinated approach to social media and digital marketing are vital if schools are to relate to today's parents in ways convenient to them, to which they are already receptive and are part of the fabric of their everyday lives.

The new **mtmweb+digital** service can help your school to create an online presence to be proud of - set-up and management of school websites, e-newsletters, e-shots, social networking, and complete digital marketing strategies. Go to www.mtmconsulting.co.uk to find out more, or call Chris Smith on 01502 722787.

mtm web+digital presents two vital workshops:

Tweeting 101: Practical Introduction to Social Networks

Tuesday 12 June

Cavalry & Guards Club, 127 Piccadilly, London W1

Programme:

9.30 Introduction to Social Networking

Twitter, Facebook, LinkedIn, YouTube, Bebo and others - what are the differences between them and which are right for your school?

10.30 Coffee

11.00 Setting up on Social Networks

How to set up, brand and run your page on the most popular social networks

12.00 Social Networking Action Plans

Integrating social networking into your marketing strategy - how to structure your social network involvement, gain followers and get involved in the social networking community

1.00-2.30 Lunch and Real World Networking

Cost: £175 (including buffet lunch and VAT)

Schools on the Internet: Opportunity or Threat?

Thursday 14 June

Cavalry & Guards Club, 127 Piccadilly, London W1

Programme:

9.30 Is your website working hard enough?

How to get good value from your school's website and measure its effectiveness - from the collection of visitor data to e-commerce sites to the use of Google Analytics

10.30 Coffee

11.00 Online Etiquette

Safeguards, Dos and Don'ts, and how the law can help

12.00 Schools on the Internet: Opportunity or Threat?

Discussion and Question & Answer session with our online experts and legal advisor

1.00-2.30 Lunch and Real World Networking

Cost: £175 (including buffet lunch and VAT)

TO BOOK YOUR PLACE ON EITHER COURSE:

Call Chris Smith on 01502 722787 or email csmith@mtmconsulting.co.uk

Chris Smith

New faces at mtm

Lisa Briggs

A new arrival in the **mtm** team, Chris has taken on the sales and business development role.

A graduate of Sheffield University, he has worked extensively in business development, working first with clients in London, including AOL where he worked with one of the first UK development teams to produce Web-Search Optimisation (WSO), a platform now known as Bing. A post with a further education provider, initially for business development but quickly expanding to incorporate lecturing, led to his being headhunted to rescue a failing health-club.



"I joined **mtm** to use my interest in education and the development of young people's futures. I have already seen the positive difference **mtm** can make to different aspects of schools and know that successful schools are often driven by the success of their pupils." Chris is currently working alongside colleague Nicky Adams on developing **mtm**'s web and digital service.

Educated at Dartford Grammar School for Boys, Chris is a keen horse-rider (eventing and working-hunter) and rugby player, but not simultaneously!

Lisa Briggs has joined the **mtm** consulting team as its Business Manager.

She has an extensive understanding and knowledge of education after working at a state High School for almost 20 years. Lisa enjoys a reputation as an efficient accountant. Having achieved many goals in a career of 29 years in public accounting and finance, she is looking forward to expanding her professional horizons by seeking new challenges.



She said: 'I was elated to be offered the position of business manager and the chance to work for such a thriving company.'

♦ **Lisa takes over the post of Business Manager following the retirement of Barbara Badrick after almost nine years' service to **mtm** consulting.**

Melanie Tucker, **mtm** consulting Principal, paid tribute: 'Barbara has been the rock on which everything we have achieved for our clients has been founded. We will be forever grateful for her efficiency, her grace under pressure and her thoughtfulness to her colleagues. We will miss her.'



Practical Strategies for Recovery

Don't miss the annual **mtm** consulting/ Veale Wasbrough Vizards practical strategy conference at the Institute of Directors on **18th September 2012**



Confirmed speakers include:

- ♦ **Sir David Bell**, Former Chairman of Pearson UK and the Financial Times Group.
- ♦ **Gene Eidelman**, founder, Mosaica Education, a leading US operator of Charter Schools
- ♦ **Patrick Derham**, Head Master, Rugby School
- ♦ **Mark Steed**, Principal, Berkhamsted Schools Group
- ♦ **Graham Watson**, director of The Seckford Foundation, Woodbridge, Suffolk
- ♦ **Theo Brehony**, MD of London Preparatory Schools Ltd

With workshops on:

- ♦ **How parents pay school fees:** The findings of **mtm** consulting's latest 2012 survey (see page 6)
- ♦ **Collaboration and federation:** governance, legal agreements and staffing issues.
- ♦ **Digital marketing:** understand the power of virtual communications and how to make them work for your school
- ♦ **Data protection, websites and copyright:** issues that are increasingly in the news, and are of particular concern to parents.
- ♦ **Cyber Bullying - staying ahead of the curve**
- ♦ **Educational Charities & Free Schools:** A new way forward?

Look out for the programme and booking form sent to your school or contact office@mtmconsulting.co.uk

mtmconsulting to work with in new school fees research

The ground-breaking research undertaken by mtmconsulting into the impact of school fees on family budgets is to be repeated this summer, this time in collaboration with the Independent Schools Council (ISC).

Two years ago, mtmconsulting published the results of online research amongst 2,500 parents in more than 30 schools. The report, 'School Fees and How Parents Pay Them' set out for the first time the scale of the financial sacrifice made by large numbers of parents to educate their children in the independent sector.

The resulting report, as well as helping many schools with their financial planning, was also included with the evidence the ISC presented in support of its successful judicial review of the Charity Commission's interpretation of public benefit, in the wake of the Charities Act 2006.

Now, in a rapidly changing financial and political landscape, mtmconsulting and ISC have decided that it is time to re-examine the pressures on family budgets. The continuing economic uncertainty, slow recovery from a deep recession and rising inflation in the cost of food, fuel and transport have all added to financial anxiety of parents. And the decision, taken

just after the 2010 mtmconsulting survey, to raise the cap on university tuition fees, is an additional pressure when parents come to consider their options.

mtmconsulting and ISC have come to a working agreement, covering the survey methodology and the use of the results. The latter is seen as crucial, given the potential sensitivity of the findings. The research will be conducted, as before, by mtm's researchers; the results and analysis will be shared with ISC's research team.

ISC's head of research and intelligence, Rudolf Elliott Lockhart, said: 'In the current economic climate it is particularly important for schools to understand the pressures on parental budgeting and the limits to their financial flexibility. The findings should add significantly to our understanding and will be of great value to us in our work for the schools and their associations.'

Dick Davison, mtmconsulting's head of strategic services, added: 'A new survey will give us the opportunity to expand the statistical base, making the results even more robust, and will tell us how the changes of the last two years have affected parents' perceptions of the choices open to them.'

Schools in membership of ISC associations will be invited in the first week of the summer term to take part in the new school fee payment survey. The research will be undertaken online, via a secure web page, and parents will not be asked to give any information which could identify them personally. Each participating school will have a unique login password, permitting separate analysis of every school's responses.

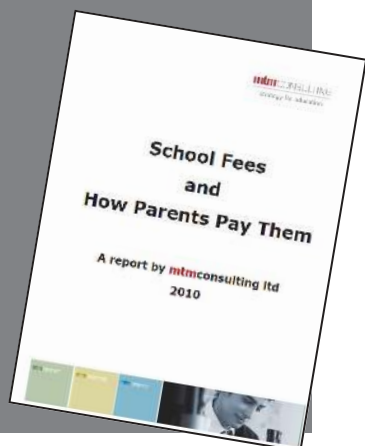
Participating schools will each receive a free copy of the final report, with both aggregated results for the whole survey and the results from their own parents. Fieldwork will be completed during the course of the summer term and the results ready for presentation by mid-September.

Non-ISC schools will also be invited to participate in the survey, if they wish.

♦ **LOOK OUT FOR your school's invitation to participate in the 2012 mtmconsulting/ISC school fee payment survey.**

Highlights of the 2010 survey

- ♦ Wide spread of family incomes, with 25% below £60K per annum
- ♦ Heavy reliance on second incomes
- ♦ Average fee-paying family pays £15-£20K pa
- ♦ Three-quarters of parents make significant financial sacrifices to afford fees
- ♦ Relatives are the commonest source of financial assistance (for 15%) of families
- ♦ Parents most worried about:
 - ⇒ Falling earnings
 - ⇒ Job insecurity
 - ⇒ Rising taxation



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