



Higher Education, Global Competition and Student Numbers: How the UK's Universities can Maintain and Gain



Introduction

The UK has a thriving and multi-billion-pound higher education sector. It is home to internationally renowned institutions and world-leading centres of research and expertise.

But the sector is under threat and there is a possibility that in the next decade, many institutions will struggle to survive. The coronavirus pandemic is set to put the entire university operating model to the test. This is set against a backdrop of other challenges that already faced the sector when it came to maintaining and gaining students.

Increasing competition coupled with fewer students means that even the most traditional universities have had to embrace commercialism. Competition is fierce.

Political and global turmoil, of which there's been plenty over the last decade, all play out in universities. Public funding is down and tuition fees make up the bulk of university income.

Meanwhile, Generation Z has a different set of expectations to get to grips with, and a desire to see more value for money.

In this challenging marketplace, what do UK universities need to do to maintain and gain student numbers?

In this whitepaper, we'll look at the state of the higher education market in 2020, what it means to educate Generation Z, and - crucially - how next-generation digital technology has the answer to many of the sector's challenges.

1.

The state of higher education in the UK in 2020

World-leading – but facing many threats

The marketisation of higher education

Responding in turbulent times

Changing priorities

Tougher competition in the UK and abroad

Internal pressure is rising, too

Rising to the challenge



The state of higher education in the UK in 2020

World-leading – but facing many threats

The UK is proudly home to some of the world's most prestigious universities. The most recent [Times Higher Education](#) rankings put four British universities in the global top 15. Many more recognised as world leaders in their fields of research and centres of learning excellence.

Qualifications from UK-based institutions are highly-prized by both students and employers alike. With a reputation for some of the best teaching and facilities in the world, it's no surprise that almost [half a million international students](#) choose to study here each year. In addition, there are almost two million home-grown higher education students.

But this is not a time to be complacent. The dynamics of the higher education market have changed beyond recognition over recent decades – indeed the sector has [only been considered a 'market' since the 1980s](#).

Add into the mix the ongoing fallout of [Brexit](#), the deep and uncertain impact of coronavirus, changing student demographics, challenging industrial relations between universities and staff... Higher education in the UK has a lot to overcome.

The marketisation of higher education

Worth [almost £40bn](#), higher education is a market that makes a significant contribution to the UK economy. Cuts in public funding for higher education providers over several decades mean the bulk of that £40bn now comes from tuition fees. The sector is now a commercialised, competitive marketplace. Universities who are unable to compete will not be able to fund themselves.

Higher education is a huge investment for most young people. With annual fees in the UK now exceeding £9,000, the average graduate leaves university [with debts exceeding £50,000](#). It means that today's prospective students have a different perspective on their relationship with higher education institutions. Increasingly, they see themselves as customers.

Responding in turbulent times

Like almost every other sector, higher education halted at the start of the coronavirus outbreak. For universities, it's likely to take longer to return to any kind of normality than other businesses. With international travel disruption set to last for months and possibly years to come, the impact on institutions who rely so heavily on international mobility and staff and students from abroad could be grave.

While universities weren't alone in being caught off-guard, the coronavirus pandemic highlighted the fact that many organisations have been failing to deliver effective student communications. Many of them lack the infrastructure they need to respond quickly and decisively in times of crisis. At the start of the coronavirus outbreak, universities faced [stiff criticism](#) for failing to communicate clearly with their students. They were accused of giving mixed messages and of taking too long to act. International students had the added vulnerability of having difficulty getting home during the initial weeks of the outbreak, and received little support from their universities.

Certainly, the COVID-19 outbreak was unprecedented. But major organisations like universities that have a duty of care to millions of young people, need to be ready to support their student bodies in turbulent times.

Changing priorities

While previous generations may not have given much thought to whether a degree was a good return on investment, it's a priority for Generation Z. They're different from previous generations in other ways, too. They have grown up in a fast-moving world where social media and mobile technology are the norm. Almost anything they want has always been available instantly, at the click of a button.

Today's students are digitally savvy, entrepreneurial, ambitious and have high expectations of any organisation – public, private or otherwise. They're not just looking for a degree; they're looking for an all-round 'experience'.

Tougher competition in the UK and abroad

As if meeting the massive expectations of Gen Z wasn't challenging enough, universities are doing it against a backdrop of increasing competition, both within the UK and abroad.

With fees now at least half of universities' income, the drive to attract more students is relentless. At the same time, an increasing number of bodies now have the power to award degrees. It's been more than 25 years since 'polytechnics' became universities, and subsequent changes have further increased the number of institutions legally entitled to call themselves a university. The net result is that from fewer than [50 universities in the 1980s](#), there are now more than [160 higher education institutions](#) in the UK.

There has been a similar explosion in the numbers of universities around the world. [The Times Higher Education](#) world university rankings now include 1,400 universities, with thousands more that don't make the cut.

Some parts of the world – Asia most notably – have seen significant growth in higher education institutions. They are increasingly rivalling the best the UK has to offer. Japan now has more universities in the top global rankings than the UK, and China isn't far behind. With the bulk of international students in the UK coming from Asian countries – more than [100,000 from China](#) alone – global competition is a real risk to higher education in the UK.

An increasingly global outlook coupled with the free movement historically afforded by the EU means that not only have international students historically chosen the UK, but British students have also started to look further afield for their own higher education. Tuition fees can be significantly cheaper in other countries and many courses are now taught in English, which all add to the appeal. Prospective students have more choice than ever before – which for universities means more competition than ever before.

Internal pressure is rising, too

The challenge for universities isn't just coming from outside. Their own staff are expressing rising dissatisfaction and industrial relations hit an all-time low in early 2020 with [widespread strikes](#).

Concerns about pay, pensions and working conditions saw as many as 50,000 staff at more than 70 institutions take to the picket line. While students were in the main supportive of the action being taken, the rise of student customers meant many have pushed for compensation for lost learning.

The dispute is set against a backdrop of rising pay for very senior university staff - the average vice-chancellor enjoys a [£350,000 salary](#). Intense media coverage of the issue and high-profile political criticism of universities all add to an erosion of trust and reputational damage facing UK universities.

Rising to the challenge

There's no doubt that universities are now big business, turning over billions each year and employing tens of thousands of people. But it's an increasingly difficult marketplace – more competition coupled with fewer and more challenging customers make it almost inevitable that some of the UK's higher education institutions won't survive.

Relying on the historic reputation of Britain's higher education sector is no longer enough. The challenge facing universities who don't just want to survive, but to build and grow is to demonstrate that in 2020 they are still world-class, are cutting-edge – and are worth a £50,000 investment.

They need to offer the best teaching, facilities, research, opportunities and all-round 'student experience' – and they need to tell the world that's what they have to offer.

2.

Educating Generation Z

A different generation

Socially conscious – but struggling

Always connected

Savvy consumers who want more than just a degree

Those that aren't Gen Z



Educating Generation Z

A different generation

Generation Z – the students and prospective students of today – are different from the students that went before them. They are [educated, industrious, collaborative and eager to build a better planet](#). They're more [socially-minded than their parents](#), more community-minded and more likely to volunteer.

Socially conscious – but struggling

If these prospective students have bigger social consciences than the generations before them, it's for a reason. Ongoing economic and environmental instability has shaped them.

More than 40 percent of 18 to 25-year-olds cite [global warming](#) as the biggest risk facing the world and they want to do something about it – an estimated [six million](#) young people participated in the 2019 school strike for climate change.

It's too early yet to say what impact coronavirus will have on them, and many might now list that above global warming in terms of world risks. They're the first generation of young people to experience a truly global pandemic since the flu pandemic a hundred years ago. And for this socially conscious group, it's not just the personal impact they're likely to be worried about.

Perhaps not surprisingly, experts warn of a [mental health crisis](#) among young people, with suicide the second leading cause of death among 10 to 24-year-olds. Anxiety and depression have sadly become commonplace, but with them, a growing recognition of the problem. This is a generation less afraid of [admitting they have a problem](#).

Always connected

Although they arguably [fuel mental health problems](#), the internet, social media and mobile technology have always existed for these young adults. These are the digital natives and technology has moulded their expectations and view of the world. Brought up in an age where technology has reshaped the way organisations interact with their stakeholders and user-centricity has become ubiquitous, these young people expect slick, digital services that are shaped around them.

They're also more [prudent](#) than generations before them. When it comes to the biggest purchase most of them will ever make other than buying a house, they want the very best return on their investment.

Savvy consumers who want more than just a degree

This generation of sophisticated consumers is interested in more than just the degree they end up with. They are concerned about their career prospects and they want a university that gives them the best chances. But they want more than that too – they are looking for an all-round experience.

To survive in this challenging market, universities need to meet the high expectations that prospective students have of them. That means a focus that goes way beyond the academic – though that's essential too. Institutions must have a comprehensive, holistic offering that promises the very best education alongside a lifestyle, prospects and support – all delivered by a responsible business.

Those that aren't Gen Z

It's worth noting that not all students fall into the same demographic. Around a quarter of [undergraduate applications](#) come from mature students – those who are over 21 when they start their course. More than half of those are under 25 and just ten percent will be more than 40 years old.

[High fees](#) are thought to be part of the reason for the drop in the number of mature students, and [funding changes](#) also mean there are now far fewer part-time students.

What is clear, though, is that for older or part-time students, embarking on higher education is just as much of an investment and for many, an even bigger financial challenge. Most will already have entered the world of work and many will continue working around their studies. It adds up to the same high expectations and demand for a return on their investment as school leavers.

3.

A university and a brand

What is branding?

Why branding matters in higher education

Three ways branding helps universities



A university and a brand

Branding hasn't always been a high priority for universities. Instead, the range of courses they offer and the sheer number of young people wanting to go to university has brought students through the door.

But in 2020, universities need to work harder to attract and retain students and their former students play an important role as advocates and, increasingly, potential sponsors of universities' work. The rules have changed: higher education institutions need to give as much thought to their brand like any other business.

While [academics may baulk](#) at the idea of universities as commercial brands, the bottom line is that a smaller pool of students has an increasing range of choices. In a tough market, strong branding and marketing are what will attract students and investors alike.

What is branding?

The private sector has long since got the idea that brand is key to success, but the exact definition is the subject of debate. In [simple terms](#), it is a name, a term, a design or any other feature that identifies one organisation as distinct from others.

But the brands that are most successful are those who recognise it is so much more: think Google and Apple. For them, the brand is both personality and promise – a promise of what the consumer will get if they invest in what the brand is offering, based on all the attributes they believe to be true of the brand.

A [strong brand](#) combines the promise, the personality and the attributes to create an emotional connection. It takes a great deal of hard work and effort to build, but it reaps rewards whether your goal is selling electronic devices or running a thriving university.

Until recently, most universities had what could fairly be described as a [superficial approach](#) to brand, focussing on logos and colour palettes, straplines and one-off campaigns. But in such challenging times for higher education, the moment has come for institutions to learn from the likes of Google or Apple – and take branding seriously.

Why branding matters in higher education

Universities today are big business – and businesses need customers. In a competitive marketplace, branding is how organisations set themselves apart. It's how they explain who they are, what they offer and, crucially, why anyone - whether it's the student as customer or alumni as an investor - should pick them.

Where universities differ from most businesses, though, is that their offer is less tangible. There is no product or service for sale – prospective students are essentially buying an experience and there are [no guarantees](#). A good degree from a great institution can open many doors, but it's not a cast-iron route to success.

The intangibility of what universities offer is part of the reason that branding is important: it forms a promise to prospective students about the quality of the experience they are buying. It should pull out and highlight an institution's niche and why it's special, essentially making the intangible offer into something more tangible.

Strong and effective brands help create recognition and understanding, vital steps on the way to trust and [emotional connection](#). As with any other consumer business, emotional connection is what convinces people to invest their money. And whether it is potential undergraduates just starting out or alumni supporting an institution's work, universities need people to invest their money.

Three ways branding helps universities

1. Reputation

A strong brand makes organisations recognisable and their product or service tangible. It is a vital component of a good reputation. Consumers – which students and their parents are – care about reputations. The experiential nature of higher education makes choosing a university a leap of faith with no guaranteed outcomes. Reputation is the reassurance they need that they're making the right choice.

Another reason that a university's reputation matters so much to today's students is employability. They're concerned about career prospects before they've even arrived at university, and they know how much stock employers put on qualifications from [particular institutions](#). Graduating from a university with a great reputation opens doors, and that makes them more attractive to prospective students.

A great reputation is an essential part of convincing a prospective student to invest £50,000. Brand doesn't guarantee a reputation, any more than a university education guarantees a great job. But just as a good degree increases the chances of a lucrative career, a strong university brand makes a great reputation more likely.

2. Differentiation

There are more than 150 higher education institutions in the UK and thousands more around the world. When the competition is so high, organisations need to show what makes them different. How is their offer distinct? Why should a prospective student pick them over all the others?

A [good university brand](#) sets it apart in the minds of its target audience. It explains its Unique Selling Point in terms that resonate with that audience. Above all, it shows young people how that university is the right fit for them – in a way that all the others aren't.

In such a competitive environment, standing out from the pack is fundamentally important. Working to create a stand-out offer is of limited value if universities can't define and articulate what that offer or their distinctive promise to students and parents is.

3. Loyalty

Having a brand that is recognisable is the vital first step towards brand loyalty. Prospective students coming to know a brand (or university) that resonates with them is the very first step towards them choosing it. Loyalty is what keeps them committed – essential when there are more choices and fewer students.

The increasing trend of young people changing their minds after clearing and looking to ‘trade up’ to a more prestigious university makes loyalty especially important. These days, accepting an offer is no guarantee that a young person will actually ever make it as far as their first lecture. There is even evidence of universities [poaching students](#) once they’ve begun their courses. But the more they are bought into a brand, the more loyal they will be – and less vulnerable they are to being poached.

In the longer-term, loyalty creates graduates who become brand advocates. There’s no marketing more powerful than personal recommendation or word of mouth, and more than 90 percent of people say it [influences their choices](#). Brand loyalty is what keeps alumni speaking up for their institutions and creates reputations. And with fundraising a growing part of university funding, warm alumni relationships matter more than ever.

4.

Digital first

Personalised recruitment

Connected campus

Using analytics to support students

Connection and belonging

Flexible learning



Digital first

Brought up on technology, today's higher education students expect seamless digital interactions as standard. In a globally competitive marketplace, universities that can't make the most of new technological capabilities will be left behind.

But becoming digital-first isn't simply to meet the expectations of demanding prospective students. Embracing emerging technologies improves the entire business and operating model – in higher education just as much as any other sector. It may even be a prerequisite to operating at all in a post-coronavirus world.

[New technology](#) offers opportunities to improve teaching and learning, research, and collaboration with global partners. Data collection and advanced analytics can be used to improve academic performance, student retention and employability after study. It makes institutions more agile, efficient, cost-effective, and market-responsive.

The [benefits of digital transformation](#) to higher education institutions is the subject of a book in its own right. Looking specifically at the challenge of maintaining and gaining student numbers, a digital-first approach can deliver impressive results.

Personalised recruitment

Personalisation has become the holy grail of marketing – creating customised content and experiences for users based on who they are and what they're looking for.

Prospective students carry out their higher education research across multiple digital channels. They're accustomed to slick multi-platform connected experiences that are unique and relevant. This is the Netflix generation. Today's students want to be recognised and expect their needs to be predicted.

In higher education, personalised content provides an opportunity for [institutions to position themselves](#) as the right choice for an individual student based on the subjects, extracurricular activities or careers that a student is interested in. It allows universities to speak to individual students on a more personal level, delivering tailored information according to their interests, or what point they are in the application process.

Digital solutions make it easy to deliver completely personalised content across multiple channels – emails, blogs, websites, social media and more. From the initial touchpoint right through to application and acceptance, the ability digital technology offers to deliver relevant, timely communication – and to continuously assess its impact – is game-changing for higher education recruitment.

Connected campus

The phrase ‘connected campus’ has become ubiquitous in recent years. In simple terms, it describes technologically advanced universities who are harnessing the latest digital solutions to improve their offering and deliver the best possible student experience.

A connected campus can incorporate any number of cutting-edge tech tools, including interactive classrooms and augmented reality learning. But for many universities, the starting point is a robust CRM platform which enables them to manage the entire lifecycle, tracking and facilitating interactions and improving engagement and communication with past, present and future students.

Platforms like [Salesforce](#) start by offering a 360-degree view of individual students which, at their most basic, make it easier for both students and staff to process simple administrative tasks – enrolment, paying fees, registering for accommodation and so on. That represents an immediate and sometimes profound resource-saving method which can make it a worthwhile investment in itself for cash-strapped higher education institutions.

Using analytics to support students

CRM platforms also have much more sophisticated uses when it comes to student recruitment and retention. A single, end-to-end record of student interactions offers a wealth of data which can be used to support their academic achievement, to improve teaching and learning, and improve curriculum design.

Joining up data about individual students across the institution and employing predictive analytics make it easy to identify students who need extra support. Whether it is because grades are slipping, attendance has dropped, or they’re facing financial hardship, proactively spotting and then intervening before a student is in trouble can be the difference that enables them to achieve their potential – or even continue studying at all.

With some institutions reporting drop-out rates of up to one fifth, intervening to support students in trouble matters more than ever. Creating and nurturing personal relationships between student and institution is also essential – after all, nobody wants to be just a number.

Connection and belonging

Almost [80 percent](#) of students say that personal messages help convey that their institution cares about them. It helps establish a connection from before they arrive that, if universities manage it well, will evolve to last a lifetime.

Tailored support throughout the student journey can make a real impact on students’ overall experience and importantly, their [sense of belonging](#) – a recognised factor in student drop-outs.

Technology platforms make regular, personalised communication achievable, even where student numbers run to the tens of thousands.

A supportive environment and access to help when it's needed are all important factors influencing the sense of community and belonging students feel. And if today's young people wanted the ability to access support whenever and wherever they are before coronavirus shook the world, now it's crucial.

Again, it is enabled and made easy with the [right technology platforms](#). Online communities, chat tools and text reminders are just part of the solution, helping students to succeed and reinforcing their belonging and attachment to their institution.

Flexible learning

Despite being a generation of digital natives, face-to-face learning remains highly valued. However, the rise in alternative methods of delivering higher education means students have expected an element of flexibility in how and where they study for a while now.

The outbreak of coronavirus has magnified that need. While the eventual impact of this global crisis isn't clear yet, it's certain that for some time, institutions will need to offer flexible and remote studying options if they want to operate at all. And once students have become accustomed to that flexibility, it's unlikely they'll want to lose it – even without the threat of a pandemic.

Flexible learning on this scale requires robust digital technology to enable it. Online classrooms, augmented reality learning and artificial intelligence are all only just beginning to show their worth in the higher education sector. Universities that embrace these newer technologies have the potential to keep operating in the face of the pandemic, and in the longer term to entirely transform the student experience.

BrightGen

BrightGen is an award-winning Salesforce platinum partner. Our goal is to offer a simpler, more effective way of delivering technology-enabled transformational change.

For over a decade, we have been the partner of choice for higher education institutions undergoing digital transformation. We understand the challenges the sector faces, and we know how technology can equip institutions to excel in a competitive marketplace.

Our experience and expertise in developing fully bespoke customer solutions with Salesforce at the centre means we deliver the results you need at a pace that ensures you grow in line with your expectations.

[Get in touch](#) and let us show you how BrightGen could help transform your higher education institution.



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