

9:55 – 10:25

Effective Marketing of Online Programs

- 1) Which is the best deal for \$2,500?
 - a. 1 directory listing for a year (print or online)
 - b. 1,000,000 banner impressions
 - c. 1,000 paid search clicks
 - d. 100 leads from an online directory

Answer: We don't have nearly enough information to answer this. We need to know an accurate cost per start for each deal – see question 1) below. However, after tracking and comparing similar deals you will begin to learn which types of deals work best for your institution and its programs.

- 2) Which CPL deal would you rather have?
 - a. 1,000 leads for \$10 CPL from directory A
 - b. 400 leads for \$25 CPL from directory B

Answer: Both deals cost \$10,000 (1,000 x \$10 for A and 400 x \$25 for B). Comparing on CPL you would choose A, comparing on total cost they are equal, comparing on Cost Per Start (CPS) you don't have enough info to tell. It is NOT wise to make any determination on which deal is better until you determine the CPS! What if you learned that deal A produced 5 enrollments and deal B produced 10? The answer is yes, there will be a cost to convert each lead you generate – making B cheaper in this instance.

- 3) If both CPL deals above produced 10 enrollments, which is better and why?
 - a. 1,000 leads for \$10 CPL from directory A
 - b. 400 leads for \$25 CPL from directory B

Answer: Both deals now have an equal CPS ($\$10,000/10 = \$1,000 = \text{CPS}$). But can we presume that they are really equal? What other costs will be involved with administering those deals and converting the leads into enrollments? Without any hard data can you make an education guess which deal has a lower actual CPS?

10:35 – 11:05

Advanced eMarketing – Tracking & Metrics

- 1) At college XYZ you buy 1000 leads for \$25 each. After six months you have generated 25 new starts. What is the Cost Per Start (CPS)?
Remember, $\text{CPS} = (\text{total marketing \& admissions costs}) / (\# \text{ starts})$

Answer: $\text{CPS} = (1,000 \times \$25) / 25 = \$25,000/25 = \$1,000$ Is this the full CPS?

1b) After auditing your marketing and admissions processes at college XYZ you determine that it costs \$25 per lead for marketing and admissions costs (administration & payroll, technology, postage, printing) for the average CPL deal. What is the real CPS for example 1) directly above?

Answer: Total CPS = $(\$25,000 + (1,000 \times \$25)) / 25 = \$50,000/25 = \$2,000$

1c) Applying that \$25 hidden administrative cost per lead for college XYZ to example 3) from session 1 on top – what are the CPS's for directories A & B, and what is the real answer to that question?

Answer: CPS A = $((1,000 \times \$25) + \$10,000) / 10 = \$35,000/10 = \$3,500$

CPS B = $((400 \times \$25) + \$10,000) / 10 = \$20,000/10 = \$2,000$

Based on this new data on total CPS the best deal is quite clear. Deal B is superior because you have to spend less resources on admissions

2) At college XYZ you buy 1,000,000 graphical ad impressions for \$25 CPM. The CTR on these ads was 1%, 10% of clicks converted to leads and 2.5% of leads enrolled. What is your CPS for this CPM ad buy and would you prefer this deal or the one from example 1) above?

Remember, CPM = Cost per 1000 impressions

Answer: Remember, CPS = (total marketing & admissions costs) / (# starts)

Ad Costs = $\$25 \times (1,000,000/1,000) = \$25,000$

Site Visitors = $1,000,000 \times 0.01 = 10,000$

Leads = $10,000 \times 0.1 = 1,000$

Starts or Enrollments = $1,000 \times 0.025 = 25$

CPS = $\$25,000 / 25 = \$1,000$

But hidden costs can vary tremendously here!:

Ad Agency (20%) or Internal Ad Costs

Market research (targeting the best demographics and sites) ~ \$2,000

Deal negotiation ~ \$500

Deal Administration & Optimization ~ \$2,500

Base Agency Costs = \$5,000

Ad Design (copy & graphics) ~ \$3,500

Ad Serving & Tracking (software & services) ~ \$1,500

Total Indirect Ad Costs Above = \$10,000

Total Direct Ad Costs (math above) = \$25,000

Admissions Costs = \$25/lead (could be different than for CPL) = \$25,000

Total CPS = $(\$25,000 + \$10,000 + \$25,000) / 25 = \$60,000 / 25 = \$2,400$

This is obviously a higher CPS, and less attractive, than example 2) above

Note:

The costs and numbers from these examples are fictitious and may be higher or lower for your institution depending on many factors. They are not true average costs, but are based on anecdotal data.