INTRODUCTION

The Internet has changed the way we live and work as well as the way we are educating our next generation workforce. Technology-mediated distance learning business models are providing new educational opportunities for students. According to the Sloan Foundation’s 2006 report, there were over 3.2 million students taking online courses in the fall of 2005 (Allen & Seaman, 2007).

Not only are higher educational models changing, but the methods to market to prospective students are also shifting. The proliferation of media formats makes it more difficult to reach potential students interested in online programs. Consequently the average individual is bombarded by many different media messages, which results in a significant continual challenge for any online university. Success depends upon finding effective methods to break through media clutter and reach specific target audiences to recruit students for online programs.

According to the 2007 Pew Internet & American Life Project (PI&ALP) survey, 71% of the total adult population uses the Internet (PI&ALP, 2007). Many prospective students are comfortable using the Internet and utilize this tool for a variety of activities including searching for online programs.

Businesses are shifting a portion of their advertising dollars from TV, radio and print to Web-based media in order to target customers. Last year ad spending on print newspapers in the U.S. declined 1.7%, to $4.6 billion, according to the Newspaper Association of America; spending on all U.S. Internet advertising rose 27% to $19.6 billion, says research firm eMarketer (Holahan, 2007). Educational institutions are also increasing their online marketing.

In fact educational institutions are discovering the benefits of reaching target markets via non-traditional methods. According to a presentation by Jack Wilson, former CEO of UMass Online, spending on online advertising in 2003 for UMass Online generated 72.5% of leads with only 27.4% of the total marketing budget. In contrast, radio advertising generated less then 1% of leads while taking up 13.4% of the budget (Wilson, 2003).

One of the most significant challenges in reaching potential students for online programs is the competition from large for-profit education providers. For example, University of Phoenix Online spent $79.4 million dollars for online advertising in the first-half of 2007 (Peterson, 2007).

Despite the fact that some non-profit institutions have modest marketing budgets, it is important for any online higher education institution to combine online marketing methods with traditional methods in order to reach potential students for distance learning programs. Non-profit higher education institutions as well as for-profit educational institutions are increasing their online marketing efforts. According to Ron Hendricks, Chief Innovation Officer at Datamark, a direct response ad agency that services colleges and universities:

“Although for-profit schools have been aggressively using online marketing strategies since 2001, it has only been during the last few years that a significant number of traditional non-profit schools are expanding their Web marketing to include lead generation and branding plans. While the non-profit school sector has deep experience in sales and marketing, many traditional schools are quickly catching-up by adding more aggressive marketing and sales capability onto their already mature admissions processes.”

The combination of the competitive online education market and the fact that online marketing provides a targeted method to reach potential students who are searching for specific programs via the Internet, supports shifting some of our traditional marketing budget to include online marketing campaigns.
BACKGROUND

In order to review the challenges and opportunities associated with the use of different online marketing methods, let’s begin with some definitions. There are a variety of online marketing methods which may be used to recruit students. Online marketing methods include the following: search engine marketing, pay-per-click, lead generation strategies (education directories), e-mail marketing, banner ads, viral marketing and blogs.

Search engines within the World Wide Web provide the ability to locate information. As of this writing, of the 9.4 billion searches performed at the five major search engines, Google maintained a 57% share over competing search engines Yahoo (23.7%); Microsoft (10.3%); Ask.com (4.7%) and Time Warner/AOL (4.5%) (Burns, 2007). As each search site becomes more sophisticated in terms of the search algorithm used, these rankings may constantly change. Many prospective online students use these search engines to find online programs.

To use a search tool such as Google or Yahoo, individuals enter keywords to locate a particular topic. Once a person does a search by entering a keyword, the order of topics generated is referred to as the “organic search.” The organic search results are generally found in the left-hand column of the page. Search Engine Marketing provides the ability to increase the visibility of a Web site and drive traffic to it by improving the content of that site and increasing the probability that the listing of the site increases within search results. An institutional Web site is the most important online marketing tool for encouraging prospective students to apply to a program. It is imperative that each online university attempt to develop a Web site which will enhance the probability that they will rank higher in the list of free or organic search terms.

In addition to free or organic listings, search engine marketing is a method used to increase paid listings which are typically found on the right-hand side of the screen of search engine results. For example, pay-per-click options such as Google Ad Words allow marketers to pay each time an individual clicks on their paid ad (Google Advertising Program, 2007). Pay-per-click listings are very popular with online higher education institutions. A quick search in Google using the term “online program” or “online university” will yield listings of various universities that are using pay-per-click advertising. It is more cost effective to pay for unique listings for a particular program.

Another online marketing method is called lead generation, which is the ability of a Web site to generate leads or prospects for a program. Online lead generation strategies have evolved with the development of online education directories. According to Eduventures, a higher education consulting company, “these (online education) directories attract traffic from a variety of sources, directing student prospects to online education program information and inquiry forms, at which point these consumers become a “lead” for the institution to pursue” (Gallagher, 2005). Some of these educational directories include ClassesUSA, eLearners.com and GradSchools.com. All are designed to direct or funnel students from the lead generation site to specific individual educational Web sites. A quick visit to eLearners.com will demonstrate how for-profit institutions such as Kaplan University and DeVry University utilize this method of marketing as well as non-profit institutions such as Worcester Polytechnic Institute and UMass Online.

For years marketers have been using direct mail lists to target prospective students. E-mail marketing is the cyber analog to direct mail lists. E-mail marketing may be conducted two ways. The first is to build your own “opt-in” lists via a customer database. As potential students inquire about your program, you have the ability to collect e-mail addresses in order to compile a list of interested prospects. The second option is to purchase targeted e-mail lists based upon demographic or behavioral characteristics.

Banner Ads are online displays which are designed to promote a particular school or program. These ads are often rectangular in shape and are displayed vertically or horizontally on a Web site. For example, Quinnipiac University Online, a non-profit institution, has placed banner ads in local online news sites to direct potential students to their Web site. When a visitor clicks on the banner ad, the visitor is taken to the Web page of the advertiser. While some banner ads are colorful with some textual information, other banner ads contain moving images to engage visitors. Both for-profit and non-profit higher education institutions such as University of Phoenix Online and Norwich University have utilized banner ads as part of their marketing campaigns.
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