

Final Project

Date: June 12th, 2013
From: Zhaolong Lu (Luke)
To: President at DePaul University

DEPAUL
UNIVERSITY



Subjective: Market Report

Content:

- 1.Static and Dynamic Positioning
with Two conceptual diagrams
- 2.Further Expansion: a) Local
b) Nation
- 3.Value Curve for future strategy

Objective:

Helping the President at DePaul University from a marketing consultant perspective.

Offering the defense strategy toward the competition with University of Phoenix at the online class and searching for a better expansion area.

By studying the static and dynamic positioning, we illustrating the two conceptual diagrams to represent both DePaul as well as the online competitors. With the price as the Y-axis and Performance as the X-axis, we can demonstrate each level's characteristics and settle each university down to its specific area. Appendix. By understanding the different levels of the static positioning, we give both DePaul and its competitors the character in order to analyze them. There are basically three different kinds of segments. The operational excellence (OE)¹, the customer intimacy (CI)² and the product leadership (PL)³ as well are all seen in the Appendix.

Appendix2 shows the different types of the three universities. The trend helps us to predict the ongoing situation of each university.

Why University of Phoenix's business model is disruptive to DePaul and why DePaul has had difficulty responding to this threat?

As we can see from the dynamic diagram that the static position of the Phoenix is currently Southwest of DePaul. (Appendix6) If we set a static positioning formula for these universities we can easily find out that the Phoenix is located at the Southwest of DePaul in the merge of Operational Excellence. The Phoenix right now are sharing the market using the characters such as lower costs, increasing convenience, obtaining reliability etc. As for the future extension or development, the Phoenix will driven by the desire for higher gross margins, the desire for more price insensitive customers, more sources of available different and the brutally of competition in the SW. (Appendix6)

On the other hand, DePaul is currently occupied the position of CI, which means DePaul would not possibly move to the SW to compete with University of Phoenix as the profit and market in OE merge is much more limited than they are in the CI merge.

There is no doubt that while searching for going to the NE, DePaul have to set some strategies for defending the new competitor or the low-end disruptor, the University of Phoenix.

¹ OE, with the characteristics such as the lower costs, increase convenience, obtain reliability, have ease of use.

² CI, with the characteristics such as the having a high level of service, having a high level of customization, have a complete solution, access to a wide selection, obtain advice & consult, feeling of an experience.

³ PL, with the characteristics such as the product leadership, the access to high performance, more features, more functionality, latest technology, complexity, linked with aesthetics and with style and portray sophistication.

Ready to move?

Though the DePaul would set several strategies merging to an upper level to compete with other universities. There are two positional questions have to be clarified. ***Where to go?*** We have to set a right direction toward the future expansion plans. Two competing growth options have emerged

1.Stick to your knitting

2.Chicago is (no longer) My kinda town

After analyzing with the perceptual map of both local environment and national environment, DePaul would keep their further development of the campus within the area of Chicago. The strategy of **Stick To Your Knitting** is better than the **Chicago is (no longer) My Kinda Town** one.

The data we have has already presented the relative factors to help us executing the analysis. With eight factors⁴ contributed to the local market and sixteen factors contributed to the national market, the survey offers useful detailed data as for contributing convincing result of advises making DePaul a more competitive university.

With the output by running the SPSS⁵, we obtain the relative result help us to draw the perceptual maps of both DePaul and its competitors.

Aiming at the local market, Chicago, DePaul is relatively near the preference factor at a position of barely upfront in the north. As the preference's direction is Northeast, the following would focus on the Northeast direction. We give the Y-axis of north direction a name of FEELING while the X-axis of East a name of Aiming at Top. DePaul is high in the Y-axis, which means Students in DePaul have a very good life in the campus. However, if we want to step further to catch up with the other two universities such as the University of Chicago and the Northwestern in order to match the preference line, DePaul has to set effort to move. The gap existing between DePaul and the two universities is presented in the (Appendix13,14,15). Within the Appendix we can find out the position of DePaul easily. Moving toward to the direction of the preference, we have to find out the gap between the two segments. As we can see in the Appendix, DePaul can move a little bit down to the Southeast to get closer to the preference factor. (Appendix15)

Aiming at the national market, the situation is more complicated as there are sixteen factors illustrating the comprehensive combination of every school. This time, the

⁴ Reasonable Tuition, Convenient Location, Wide Course Offerings, Small Class Size, Schedule Flexibility, Facilities Available, Reputation, Preference.

⁵ Here comes out a question that the data of the national market is not sufficient so that three factors appear in the output. We use the previous two to do the analyzing.

preference line goes still toward the Northeast direction. As we simplify the perceptual map, we illustrate the Y-axis of north direction a name of high value, which means the cost efficiency is high. Naming the east direction of the X-axis colorful life, as the factors aiming at the east direction are all related to the life quality. With most of the universities located at the Northeast direction of the map, DePaul is at the opposite direction of the preference line. If we take a look at the Appendix, making a comparison of DePaul's position in both of the two maps, we can easily find out that if DePaul want to move toward the direction of the preference line in both map, there is no doubt that the national preference line will let DePaul to pay much more to get. With the national preference line we can probably assume that current students prefer the school with pretty camp, more living options, better food served, bigger size. However, DePaul has to pay far more than expected to fulfill all these satisfactions in order to catch up with the following universities in the perceptual map.

Leveraging the two situations analyzed above, we don't think the **Chicago is (no longer) My Kinda Town** is suitable for the current and future DePaul as for the consideration of financial cost. To be more specific, DePaul have to invest a huge amount of money just for elevate itself to stand in the same level of other universities and what about the future competition? The considerable amount of money can be used in a more cost-efficient way. We would be reasonable if we focus on the strategy of **Stick To Your Knitting**.

Making Change!

Finally, we would design a value curve to help DePaul to create a breakthrough course format. First of all, we select the market combine. As universities' 'consumer' is basically student, so the whole value curve should be students oriented⁶. Then we select several factors in order to execute the analysis in the following step.

See in the Appendix. There are eight factors we choose. (Appendix 25)

1. Wide Course Offerings: It is easy to understand that the wide range of courses offered by the universities has be considered by the students nowadays as a basic requirement because the competition is going to be more serious among all of the online courses.
2. Reasonable Tuition: Reasonable tuition seems to be an ambiguous definition. To be more specifically, we just want to switch the tuition just like all normal online courses cost.
3. Schedule Flexibility: Most of the online course can be recorded so that the Schedule Flexibility is not that important here.
4. Multi-Language: Functioning as a delighter, enabling more international students' application.
5. Facilities Available: Online course basically has requirement of the computers' hardware and software. Despite the

⁶ All features are surrounded

- requirement of computers, other facilities are not important for the competition.
6. Humanistic Care: DePaul is a Catholic school, so the Humanistic Care can be seen everywhere. People within DePaul are friendly so that students have a happier life there.
 7. Reputation: DePaul is relatively well known at Chicago area with its specific location and business activities. The high exposure is also a important factor to make DePaul famous.
 8. Business Combination: DePaul's social connection is powerful so that the students of DePaul have many opportunities to cooperate with many other industries.

Here we would like to assume both the University of Phoenix and The Northwestern University as our competitors for presenting the following value curve. They are all universities different from DePaul both in the perspective of ranking and teaching model. For a better comparison, we pick them as each level's representatives to execute our analysis. We come out with a value curve for all three universities current situation. (Appendix26)

DePaul has a normal range of class set to fulfill the students' requirement. However, the online class is basically aiming at the student of adult who have no time to be at the class and want to obtain more knowledge. From this standing point, the class do not need to be as variety as it set for the undergraduate students and graduate students.

For the tuition part, DePaul used to take advantage of its reasonable tuition. However, as for the online class, the tuition should be reduced as the resource such as the classroom, the material is not occupied.

The Schedule Flexibility is not that important since all of the online courses are recorded and the time is not a problem as the students can watch and learn anytime they want.

Multilanguage is developed as a delighter because the trend of studying abroad especially within the area of United States. It is commonly known that the education standard of the US is extremely high worldwide. More and more people would like to invest for themselves. Education is no doubt the first choice. Money from every part of the world begins to emerge into the United States especially into the education area. By offering a Multilanguage environment, DePaul would allow more International students' participations and gaining profit as well.

The facilities of a universities is a very important when objectively judging the ranking and it can be used to evaluate its comprehends ability. As for the online course, the only facility we would use is computer. So the decrease of the requirement should be considered.

DePaul has a really good reputation of caring their students because they are Catholic school. The teachers and staffs are really nice and the student would not feel strange or panic.

Depaul has a good reputation within the Chicago area since its business activities and the financing ability. However, its few people outside the US ever heard of DePaul for some reasons. The international reputation is a very important element when executing the change to attract more international students.

Business Connections also count when people selecting schools. The United States is a country fully occupied by business opportunities. The connection between school and business organization is upmost important for the students who searcher for a brighter career. And those students are happened to be interesting in the online course.

Factors should be summarized for further analyzing. Here we come out with four different groups of the factors. The linear satisfiers, the unnecessary features, must-have and delighters. (Appendix27). We are going to change the strategy in order to make switch for DePaul so that it can both defense the merging from the university of Phoenix and fight with Northwestern and University of Chicago. (Appendix28)

The saving cost:

For the must haves, we would like to reduce it a little bit below the average level for cost saving. As for the unnecessary factors, it will be eliminated. Because some of the factors are no longer useful if we switch the strategy.

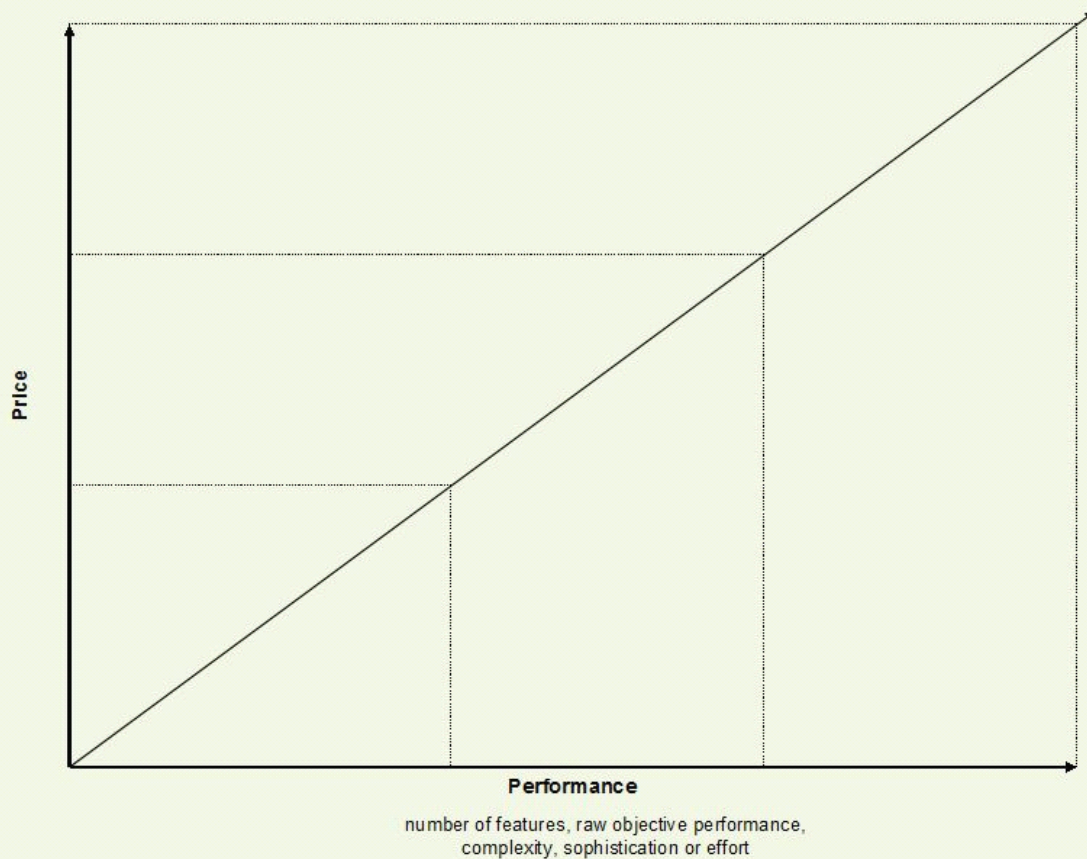
The gaining profit:

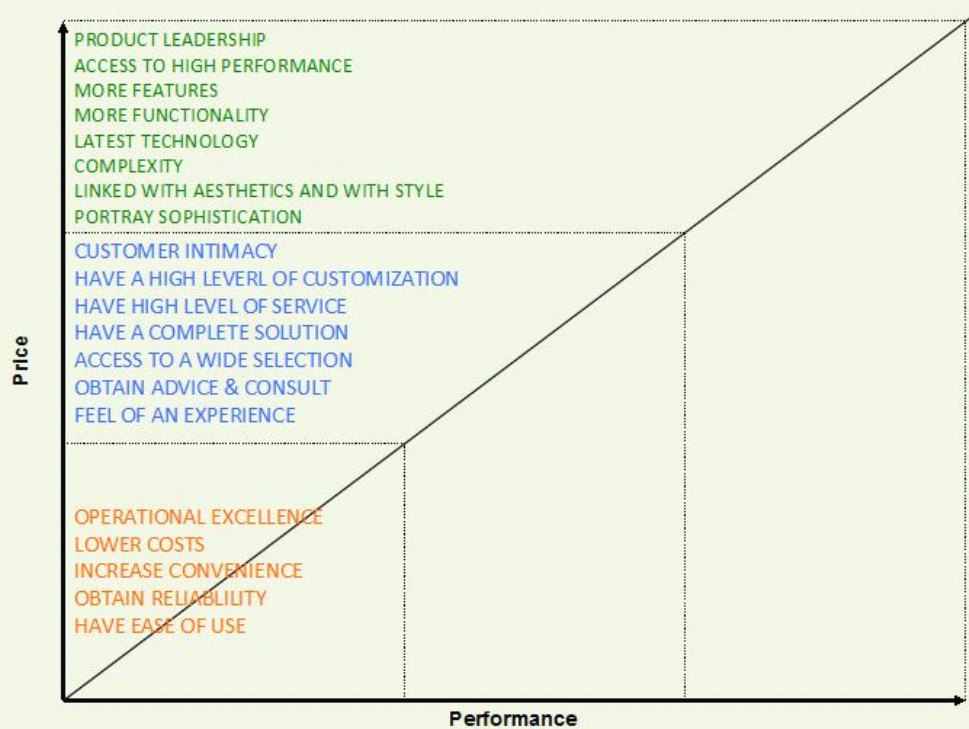
The Linear Satisfier works well when we focus on how to gaining the profit. As for the Reputation and Business Connection, the more money we invest in, the feedbacks will help us to get the profit more.

The last section of gaining the profit goes to the Delighters. Aiming at the international students, a multi-linguistic environment would be more flexible when facing the applicants from all over the world. Accepting more student means more resource of the consumers. (Appendix29)

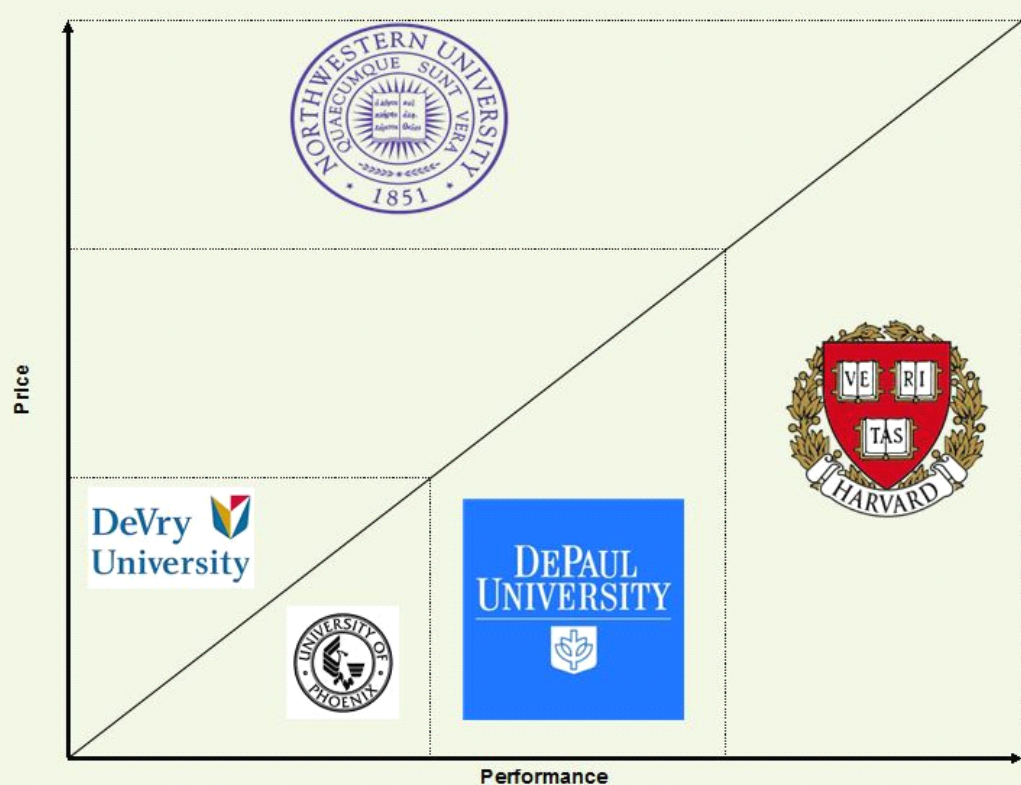
Comparing with original DePaul value curve, the new DePaul will focus more on the international market, the business connection and reputation to both defenses the merging of university of Phoenix and marches up to a higher level while working still locally. With the elevation of reputation and business connection, more international students would be attracted by the new DePaul and would apply for it. Further more, the improvement of the Humanistic care and Multilanguage factors can make the international students feel more comfortable and would like to speak well toward DePaul. The international reputation wills no doubt booming in future and builds a virtuous circle. From this point, gaining profit seems to be only a matter of time.

DYNAMIC DIAGRAMS



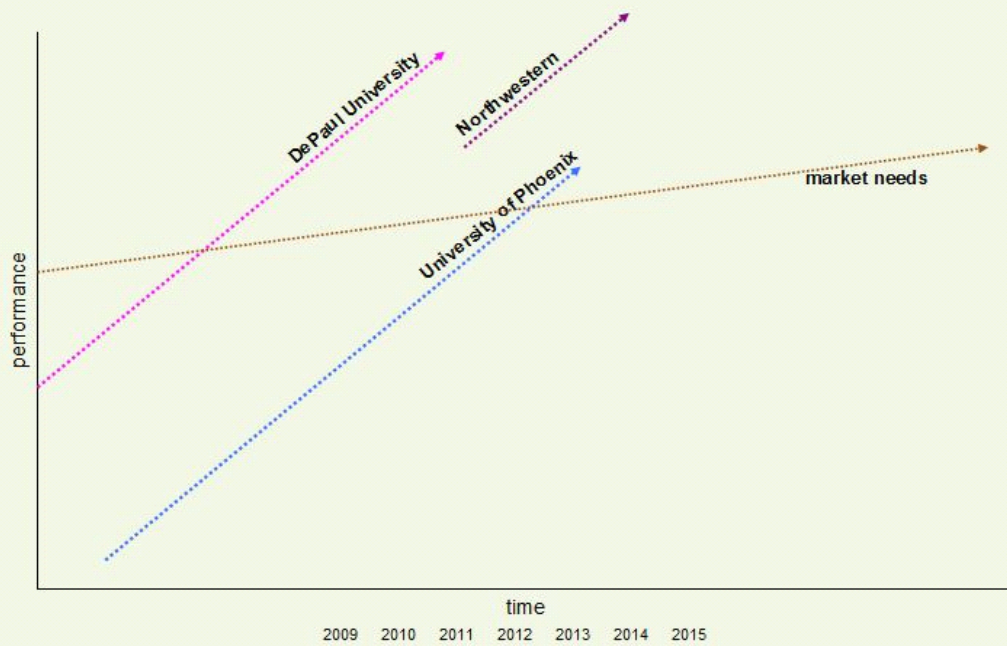


number of features, raw objective performance,
 complexity, sophistication or effort

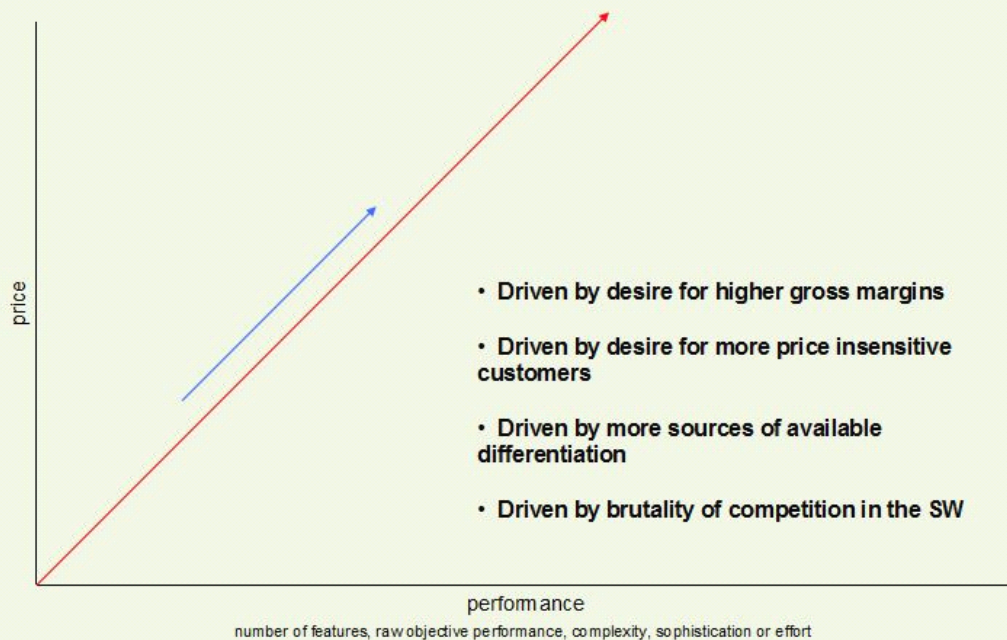


number of features, raw objective performance,
 complexity, sophistication or effort

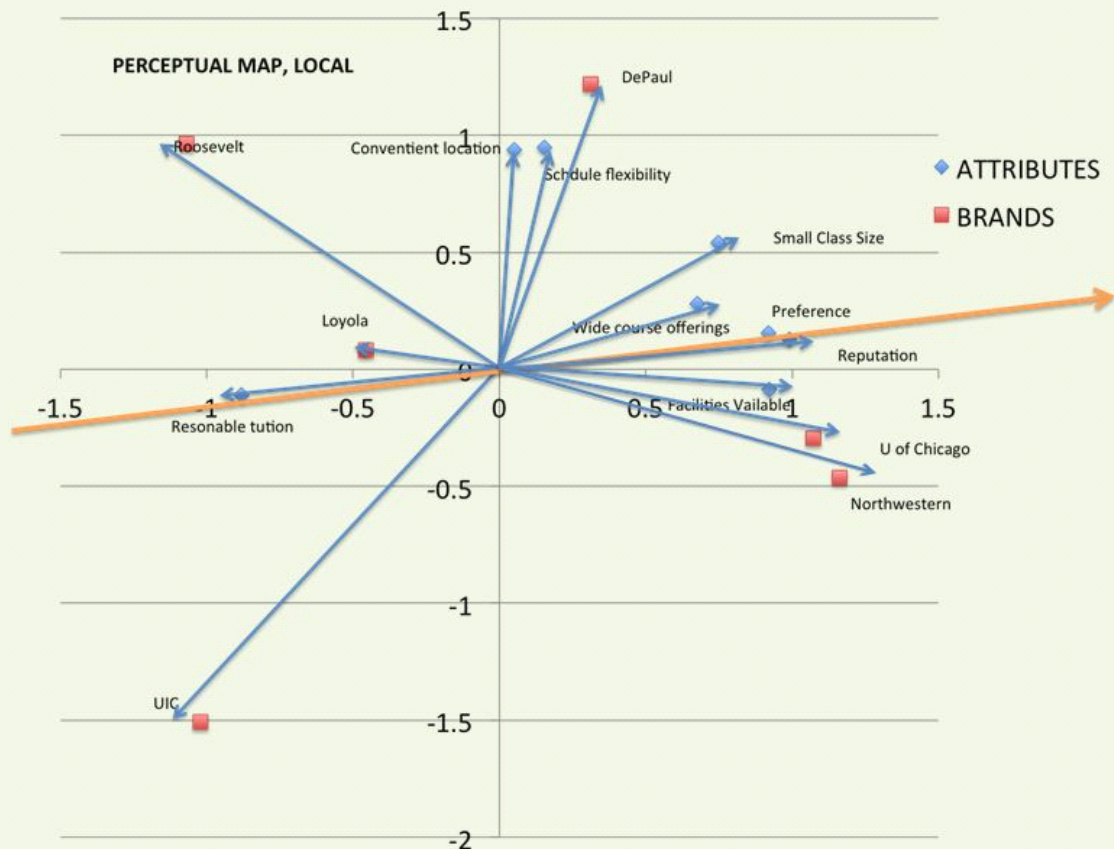
THE LOW-END DISRUPTOR-----UNIVERSITY OF PHOENIX

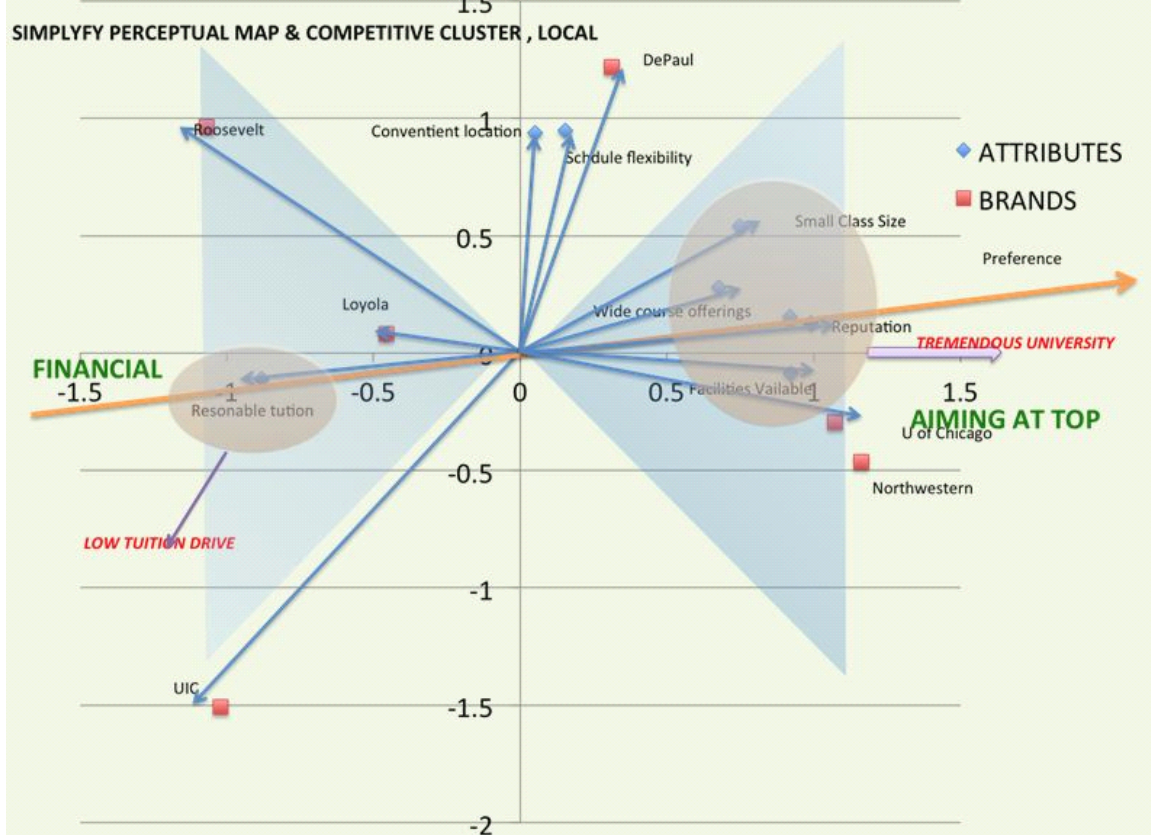
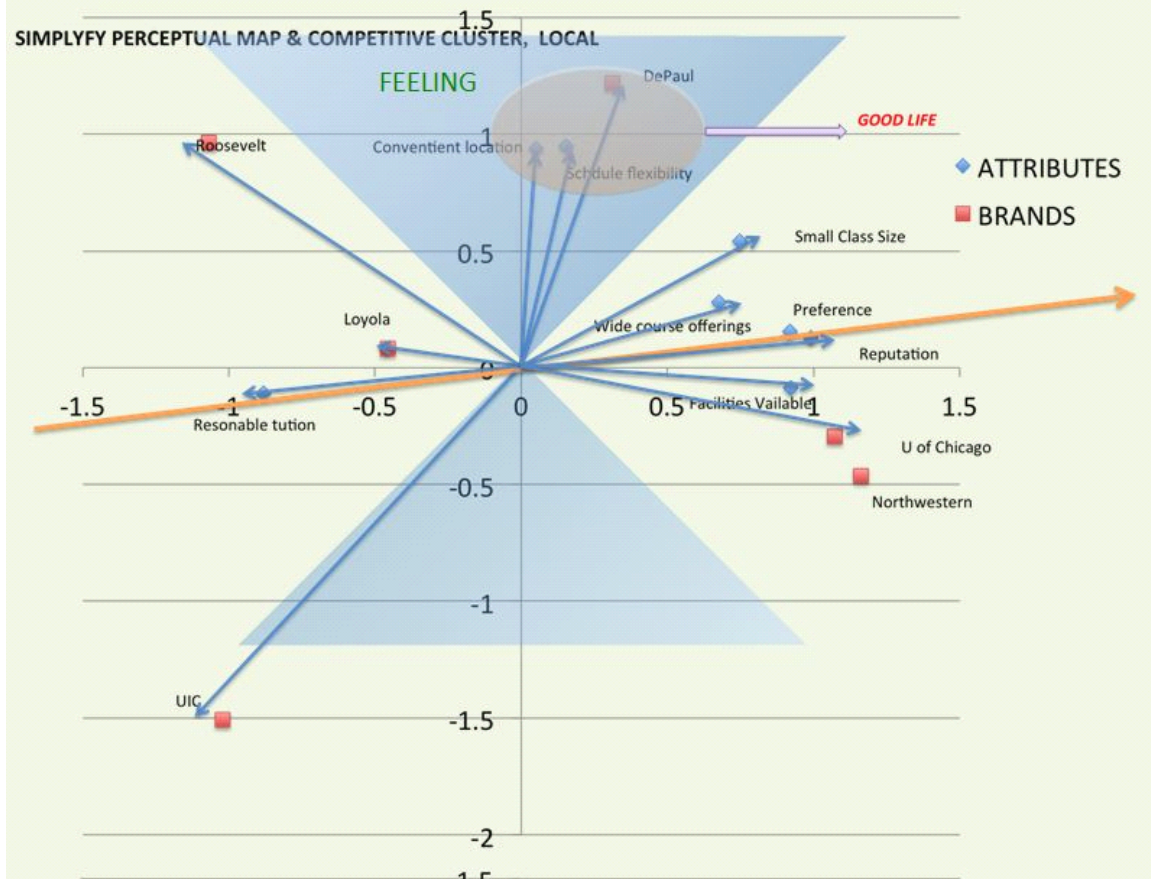


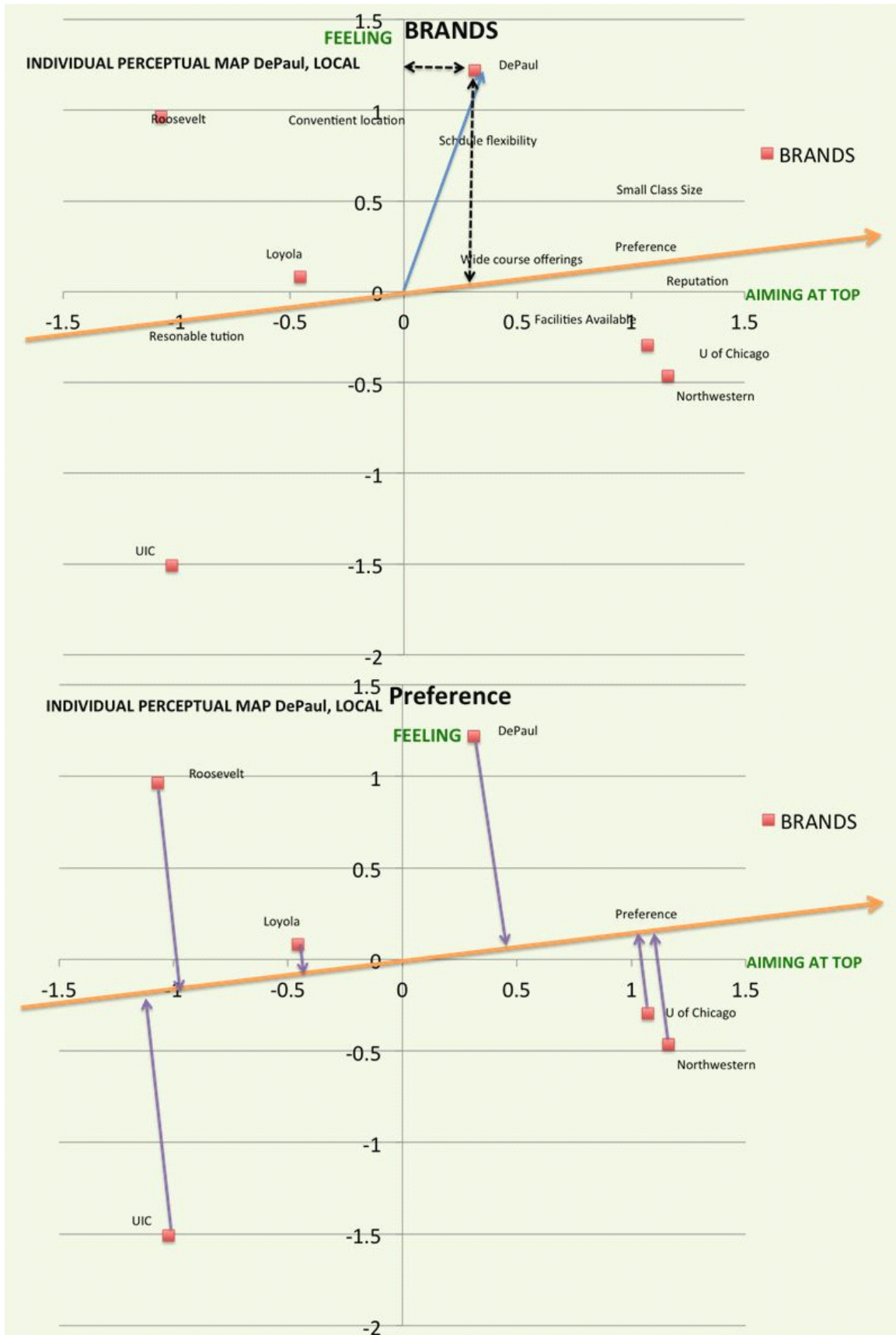
WHY PHOENIX WOULD BE A DISRUPTIVE TO DePaul

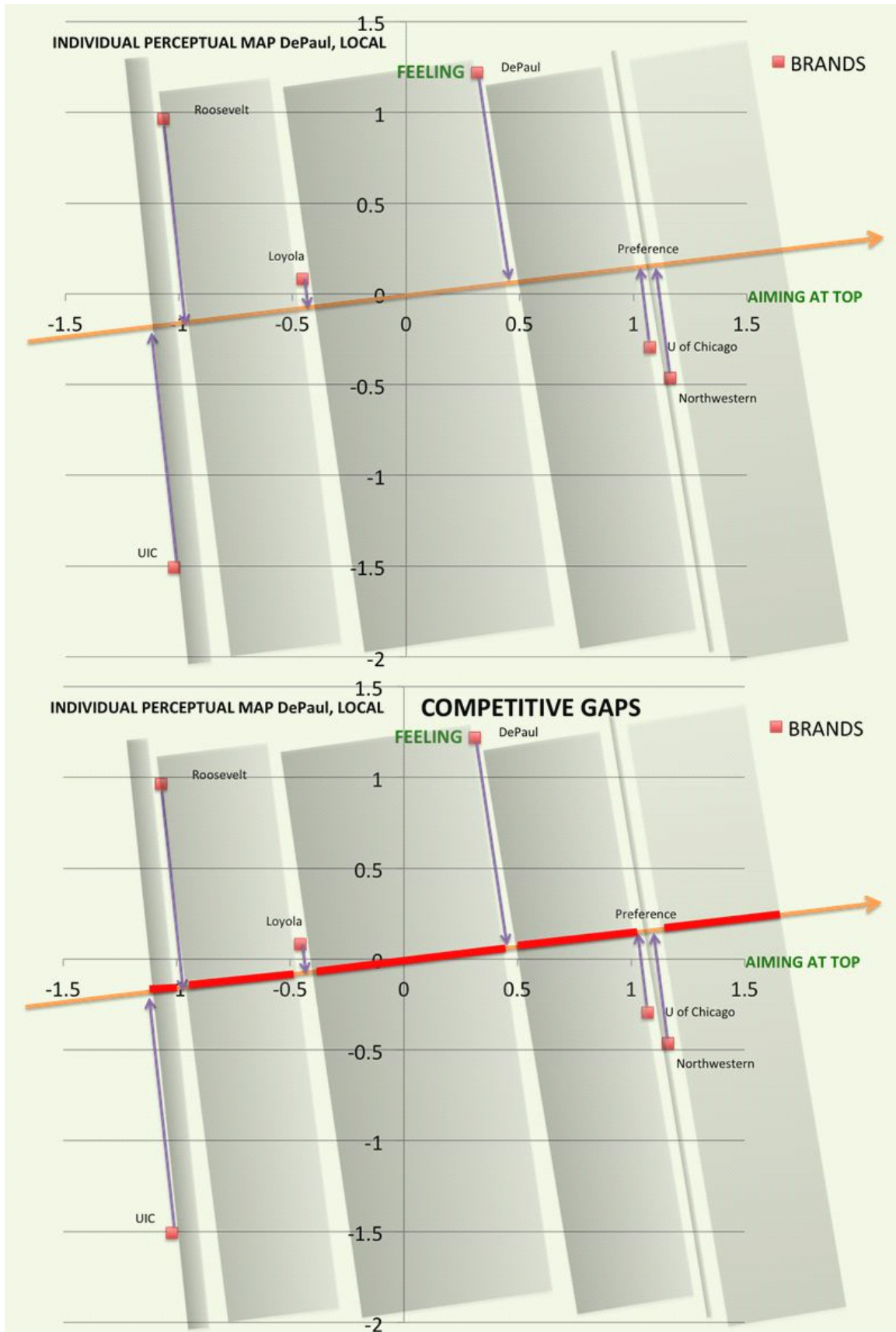


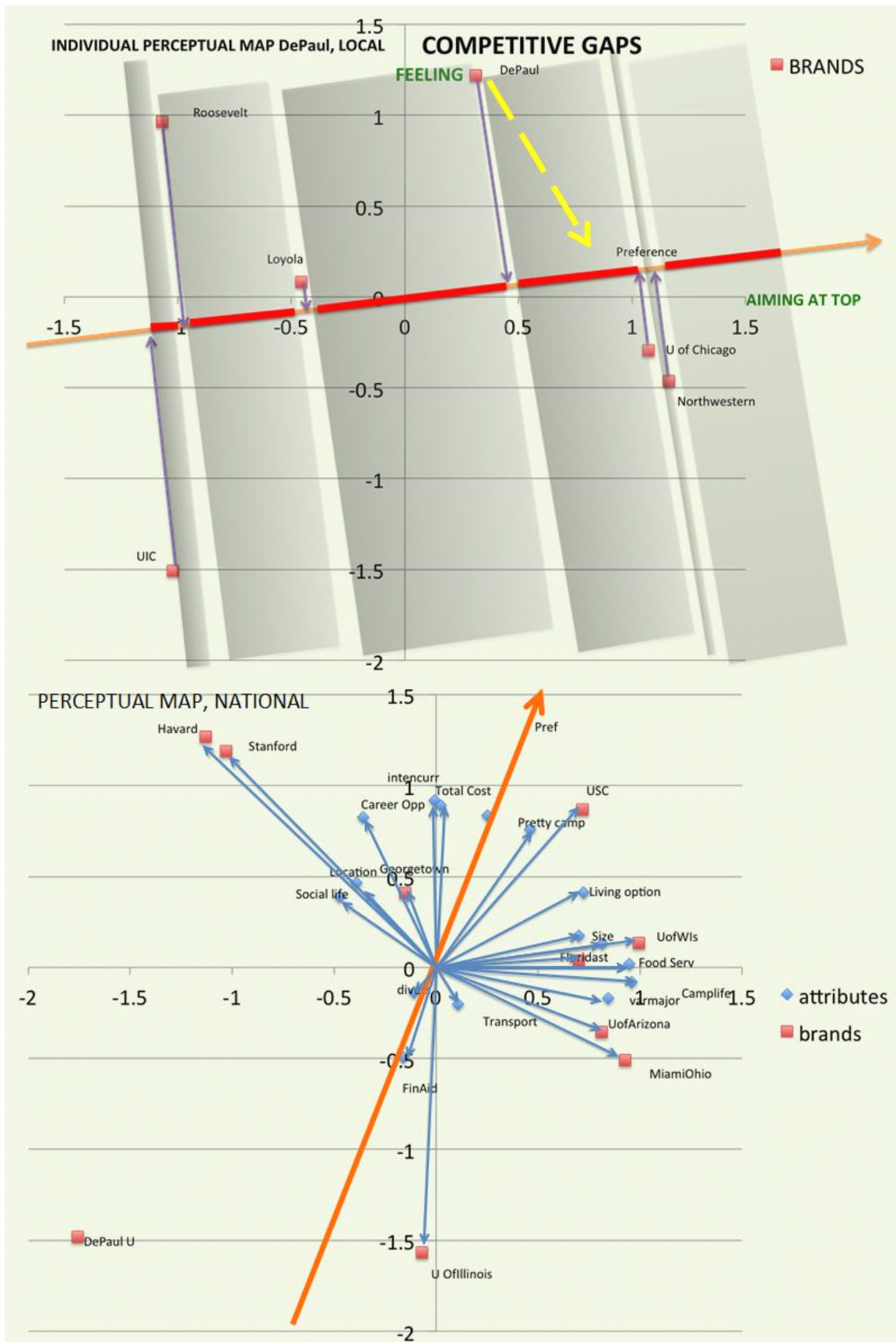
PERCEPTUAL MAP

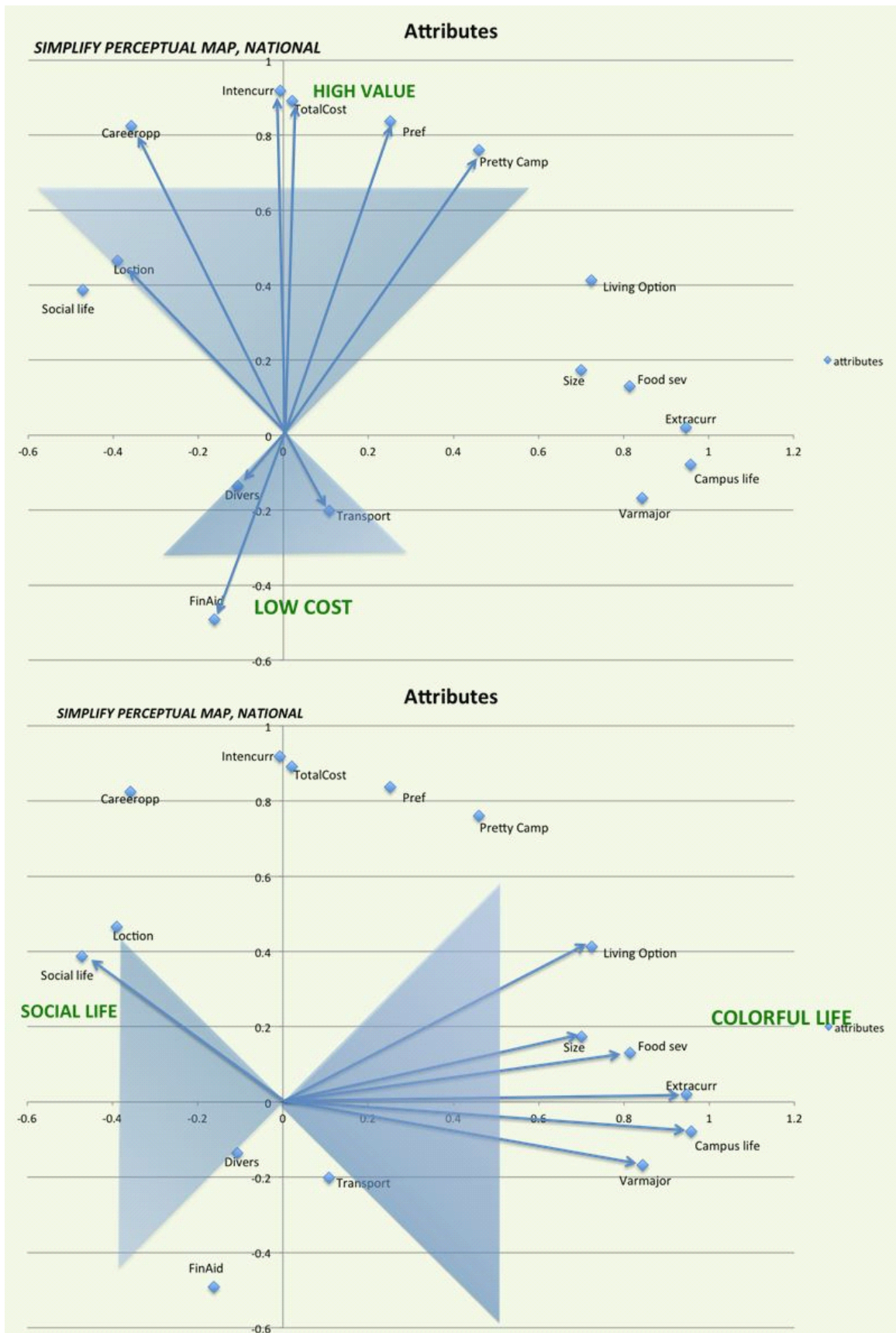


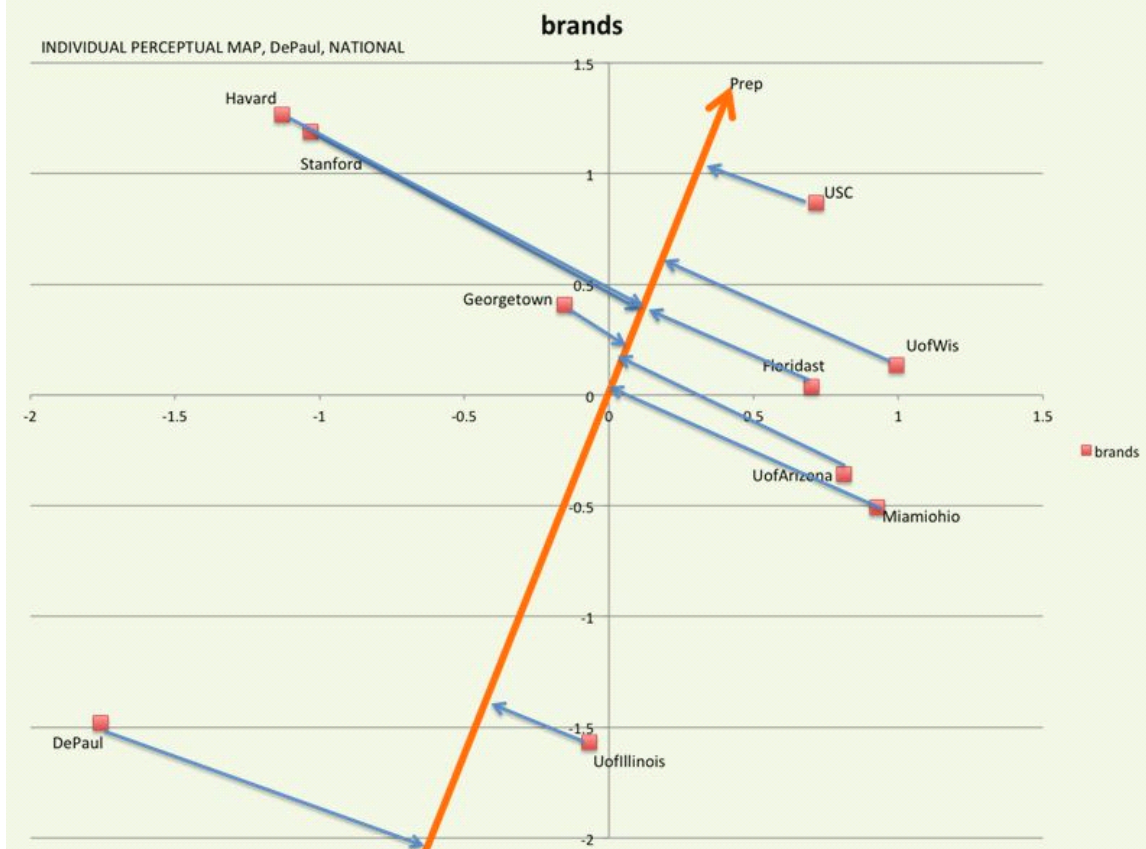
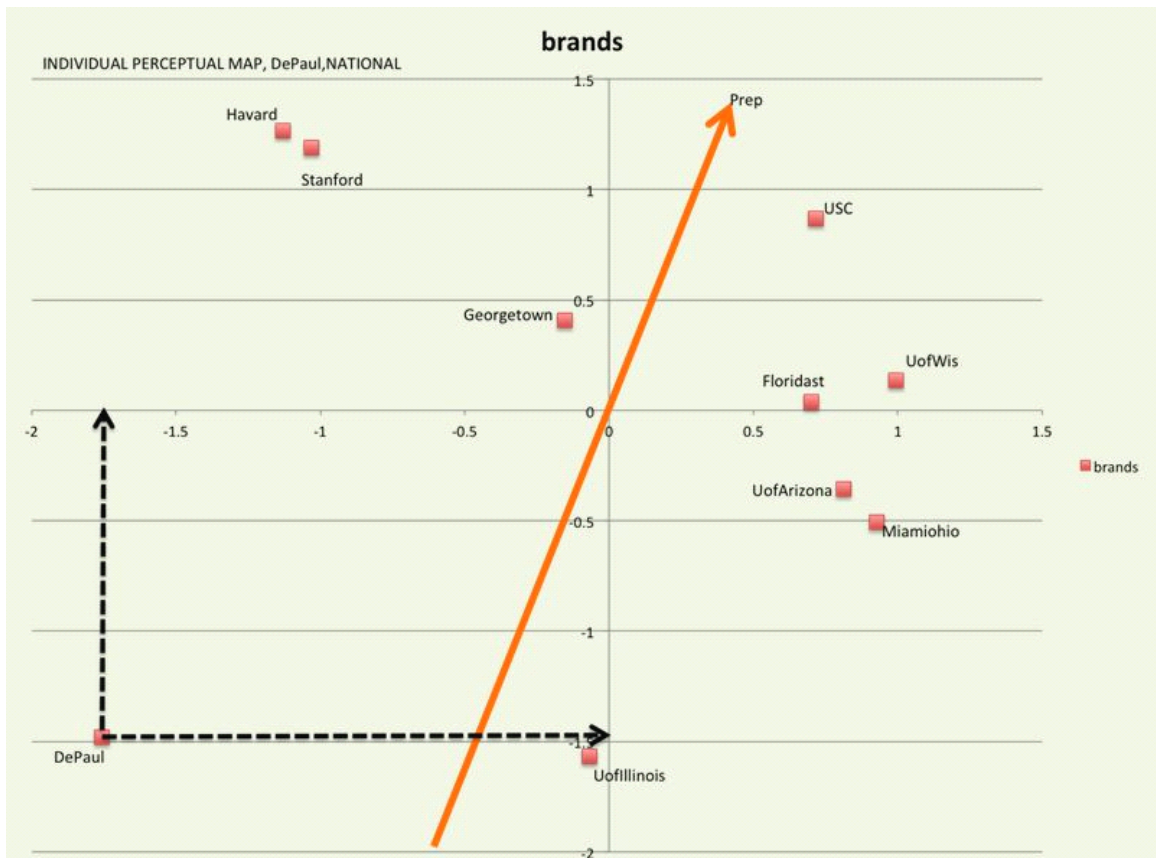


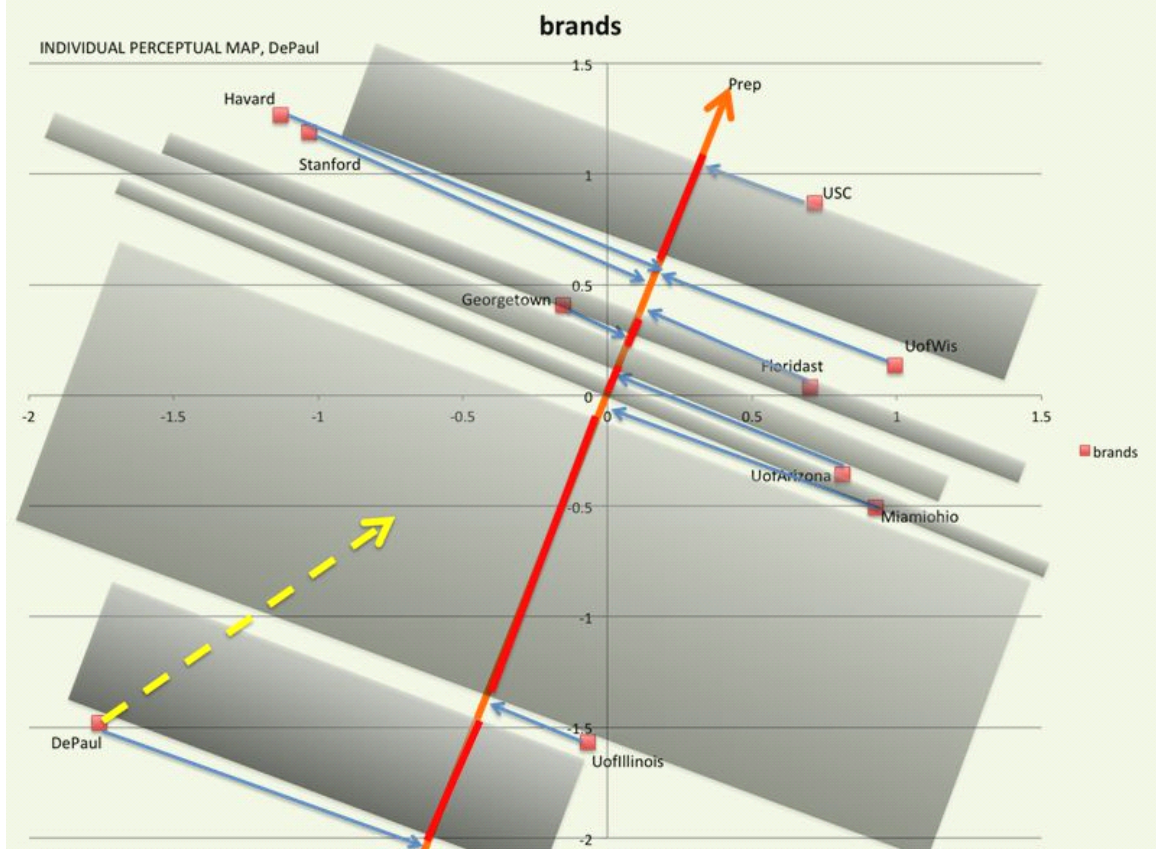
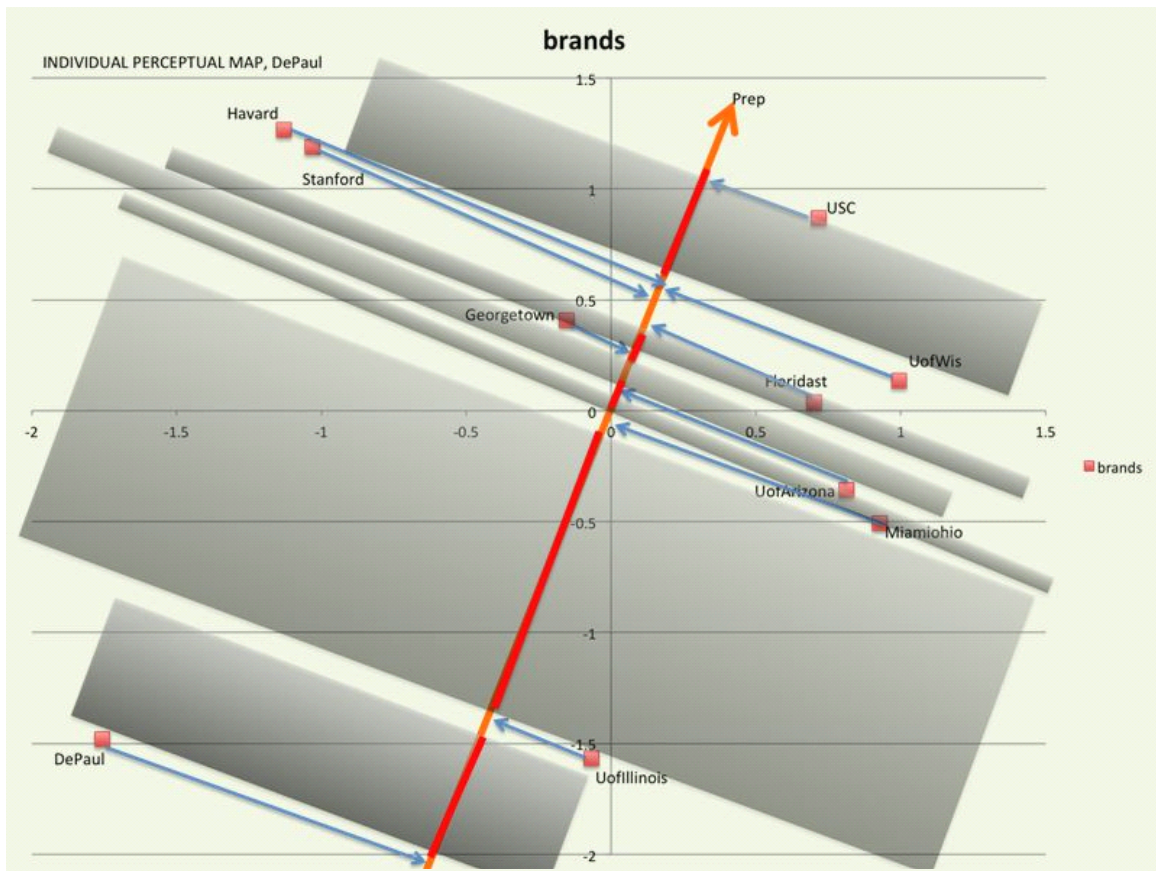












VALUE CURVE

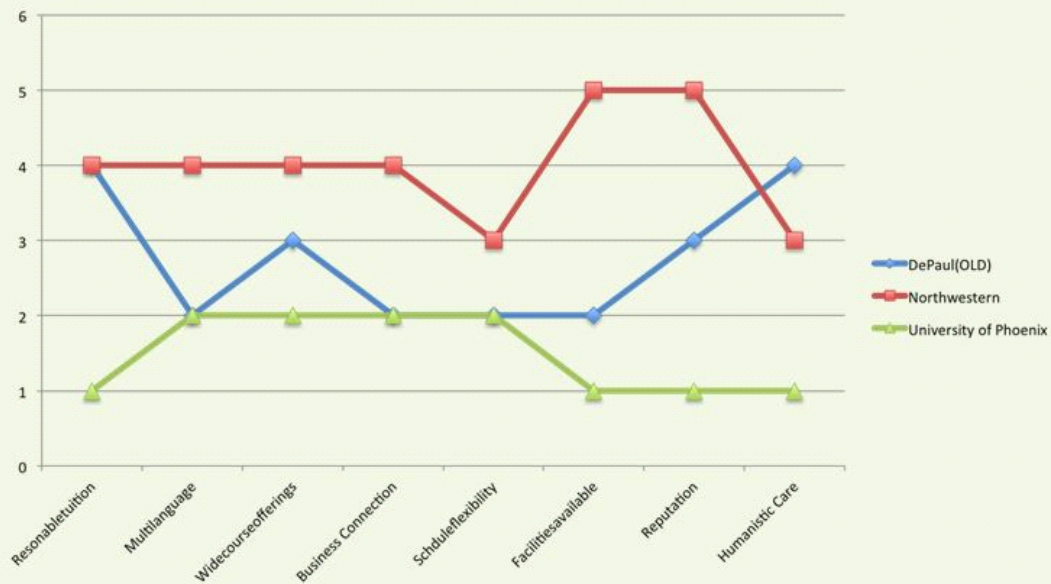
SELECT MARKET COMBINE

- CUSTOMER(STUDENTS) ORIENTED

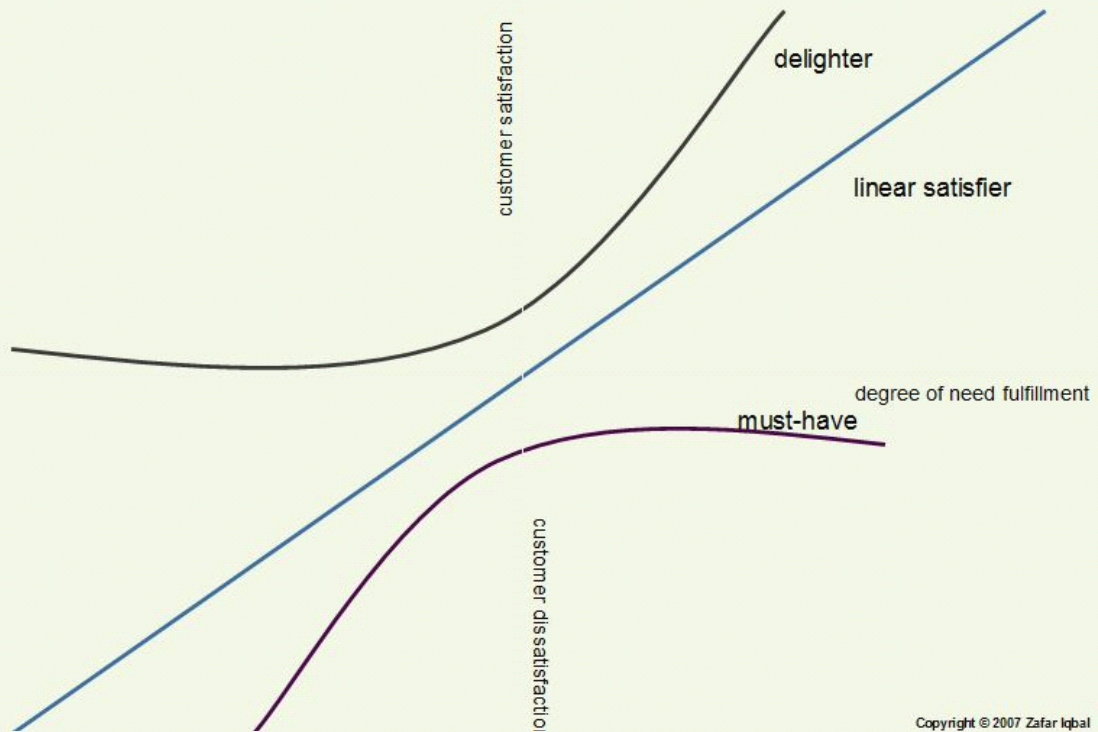
SELECT ATTRIBUTES

- RESONABLE TUITION
- CONVENIENT LOCATION
- WIDE COURSE OFFERINGS
- MULTI-LANGUAGE
- SCHEDULE FLEXIBILITY
- FACILITIES AVAILABLE
- REPUTATION
- HUMANISTIC CARE

CURRENT SITUATION VALUE CURVE



DIFFERENT TYPE OF FEATURES



Reduce
"must-haves"
below industry
standard

Create
"delighters"

STRATEGIES OF EACH FEATURES

Eliminate
unnecessary
features

Raise
"linear satisfiers"
above industry
standard

FEATURES CONCLUSION

Must-haves

**WIDE COURSE OFFERINGS
REASONABLE TUITION**

Delighters

**MULTI-LANGUAGE
HUMANISTIC CARE**

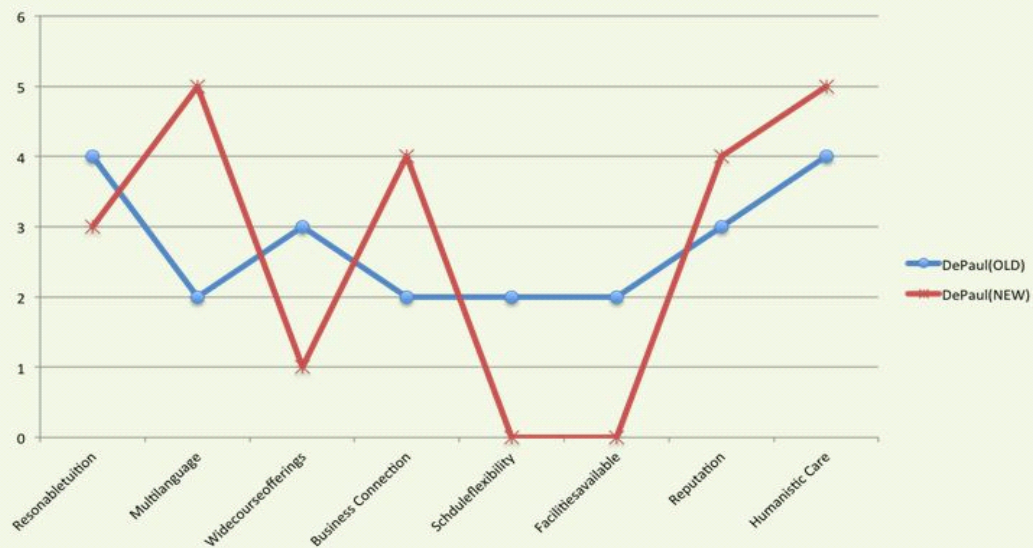
Unnecessary Features

**FACILITIES AVAILABLE
SCHEDULE FLEXIBILITY**

Linear Satisfiers

**REPUTATION
BUSINESS CONNECTION**

VALUE CURVE OF BOTH NEW AND ORIGINAL DePaul



NEW VALUE CURVE

