

Category: *Graduate Education*

Methods: *Syndicated Data Analysis, Secondary Data Analysis, Geographical Information Systems (GIS), GeoAnalytics, GeoMapping, Site Selection, Sales Forecasting, Concept Optimization, Choice Modeling, DecisionSimulator™*

Summary

A major university in a large midwestern metropolitan area offered an array of MBA graduate degrees at its downtown campus. Its Executive MBA (EMBA) program was the most profitable, and the university sought to expand this graduate offering. Decision Analyst was asked to help identify optimal locations for satellite classrooms to offer the EMBA degree. The results revealed complex interactions among the site-location variables.

Strategic Issues

The market for advanced business degrees has grown rapidly over the past couple of decades. Executive MBA programs have become very popular and very profitable for many major universities. Generally, EMBA programs are designed for successful business executives with 10 to 20 years of work experience, and often the executive's employer pays some or all of the tuition.

The university's location in a downtown area posed several problems. Many of the target executives lived and worked in suburban areas some distance from the university's downtown location. The downtown area tended to have somewhat high crime rates, another potential barrier.

The university faced several strategic issues. Would it be profitable to expand the EMBA program? Should the EMBA program be offered only at the main downtown campus, or should it be offered at one or more suburban sites? If suburban sites were indicated, where should they be located? How should the EMBA classes be organized and structured? What role, if any, should online classes play? What would be the optimum pricing level?

Research Objectives

The primary research objective was to help the university develop an optimal EMBA expansion plan. Companion research objectives were:

- To accurately forecast market demand for EMBA degrees throughout the metropolitan area, including suburban areas and surrounding towns.
- To determine market demand for EMBA's at various potential sites in the metropolitan area.
- To assess competitive threats and forces.

- To explore how the classes should be structured.
- To determine optimal pricing.
- To define the role, if any, of online classes.

Research Design and Methods

The research began with a thorough analysis of data from Decision Analyst's syndicated data on graduate business education in the target metropolitan area. At the same time, detailed demographic data were purchased for the metro area (including suburbs and surrounding towns) down to the zip code level. Focus groups were conducted among executives who might be prospective EMBA students, and depth interviews were conducted with major employers in the area regarding their companies' financial support for MBAs for their employees.

Based on the foregoing research, a major EMBA choice modeling experiment was conducted among several hundred prospective EMBA students in the area. The executives were shown a number of EMBA concepts and asked to rate their likelihood of enrolling in each of the EMBA programs. Each concept contained information about courses and course content, pricing, class schedules, online options, and class location options. Competitive concepts were also included in the design. Once the data were collected, a DecisionSimulator™ was created, so that hundreds of "what if" questions could be explored about various combinations of EMBA variables. For example, what would be the market potential for a downtown-only EMBA at a certain price level with Saturday-only classes? What about Sunday classes? What about some online classes?

Lastly, optimal EMBA concepts were derived from the DecisionSimulator™. These results were then combined with the syndicated and secondary data to build geomaps of market potential for each of the viable EMBA concepts.

Results

The market for MBAs in the midwestern metropolitan area proved to be quite strong, especially at midrange pricing levels. Even executives with MBAs would consider a second graduate degree, if the overlap with their existing MBA was seen as minimal. There tended to be a high correlation between household income and interest in the EMBA program, up to a point. That is, we discovered an income threshold above which interest in graduate education plummeted. The market potential was greatest in some suburban sites, if the classes were delivered only via in-person classrooms. But, if a significant share of the classes could be taken online, then the downtown campus was equally acceptable. The focus groups and depth interviews also yielded valuable information on how to position the EMBA program and build compelling advertising. The resulting EMBA program proved popular and profitable.