



The Career College Information Source

Datamark at 25

Interview with Tom Dearden, CEO

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How many years have you been with Datamark?

I am in my 23rd year with Datamark.

What have you learned about career college sector lead generation over the years?

That's a big question. There's definitely been an evolution. In the time that I've been in business, there's been an evolution and at least one revolution.

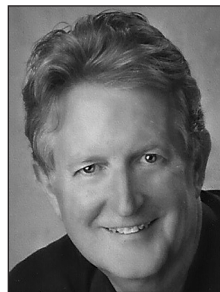
The evolution is sort of the ebb and flow of all the traditional media: TV, radio, print and direct mail. They all have had a place and will continue to have a place in the media mix for lead generation for private sector colleges and universities.

But the revolution was in Internet lead generation that happened around the turn of the last century. That effectively shifted the dollar risk—

spending a dollar to see if you get a dollar back—from the schools to the aggregators, which effectively created a massive co-op. Basically, all the schools were trying to advertise

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individually using the buying power of one, or in the case of school groups, many. But even in the many they were usually regionally diverse. If I owned schools in Salt Lake City, Denver, Orlando, Tampa, Dallas and Houston, I



Since joining Datamark in 1989, **TOM DEARDEN** has been an integral part in solidifying the company's reputation as the innovator in education marketing.

Under Tom's direction, Datamark has grown from a small direct mail agency with a limited scope of services to a full-service direct marketing firm with multimedia lead generation and enrollment solutions for educators. Along the way, Tom has served as a production manager, creative director, director of operations and chief operations officer.

Prior to joining Datamark, Tom was the founder and senior partner at Bennett/Allen

Associates, an advertising agency based in Salt Lake City. In addition to leading Datamark, he currently serves on the Career College Association (now APSCU) membership committee, the Salt Lake Chamber of Commerce education committee, and as a board member for Tuacahn Center for the Arts and Tuacahn High School for the Performing Arts. Tom holds a Bachelor of Fine Arts from the University of Utah.

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didn't really have a lot of market power in any given location. Even though I could gain economies of scale from having central operations, I didn't really have any kind of economies of scale in terms of marketing buy because it was still diversified over the whole country. If I'm a school owner and I'm going to expand the different schools all in different places, I'm not going to set them up so they compete against each other.

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market power and buying power. They were able to sort of disperse the cost of lead generation across everybody and then everybody got to buy leads at

a price point that made sense to them. It really drove the growth of the schools in the first decade of the 21st century. They took huge advantage of it and they grew phenomenally.

The one thing that was sort of an unintended consequence, and they're now reaping the reward of that consequence, is that they basically surrendered their brands to the lead aggregators and lost brand control. We ended up with regulations around misrepresentation and all the new fun regulations that we get to deal with. Some of the lead generators were very scrupulous people who behaved well and did a really up-and-up job of being good stewards of the schools' brands. But there was, and is, sort of a sub-culture of lead generators who were unscrupulous and would do anything they could to generate an inquiry: Pirating brands, misusing brands, misusing identities, misrepresenting

programs and outcomes, and all kinds of things.

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Has the prospect changed with the technology, or are they still motivated by the same things but we're just delivering the same message differently?

I'll answer that in two ways. For a traditional career school—and when I say traditional I mean whether they're delivering education online or face to face; that is, giving vocational training and the outcome is usually a certificate or diploma or an associate's degree—I would say that the audience hasn't changed a lot.

There are still people for whom traditional education has failed them. Either they had a poor outcome with secondary education, or they went out into the workforce immediately after high school, or they went to a community college or a university or whatever and basically they got lost in the crowd; the system failed them. I mean that sincerely. I'm not advocating against personal responsibility, because they have some personal responsibility in this, but the system is stacked against minorities and people of color and people who are disadvantaged economically. The system is absolutely stacked against them. I'm not trying to be political; I think I'm stating a fact.

The for-profit career colleges have provided a system of schools that actually benefits these people, and benefits them well. At the end of the day they're still concerned about three things: Can I be successful in school? Can I afford to pay for it? And will I get a job at the end? If they can get a "yes"

to at least two of those three questions, they're going to enroll and they're going to have a successful outcome. I think it's principally these things that drive them.

A new part of the industry over the last 10 or 15 years is the concept of degree completion and advanced degrees that are primarily taught online. That's become a really big part of our sector. That's a different kind of person. Again, on the degree completion side, they're people who attended a college or university and weren't able to finish their degree. In these cases it's usually not because they were disadvantaged. Usually it's because life got in the way: they got married, they had kids, they had a mortgage, a parent got sick—there are lots of reasons. So the new methods of delivering education have really created a new opportunity for them.

Delivering education online and reaching people through advertising online has put a new face on the industry, which I think is doing a really good job of helping people to finish their degrees so they can either get promoted in their current jobs or they can get better jobs. Or in the case of advanced degrees, maybe they can finish their MBA; maybe they can get better credentials as a teacher so they can get better pay.

Now going back to talking about it more from the marketing side, we have to use more and more sophisticated tools in order to target the right people. It used to be that it was fairly effective and efficient to cast a wide net and to sort of filter them out through the enrollment process. People are savvier today. Consumers are more educated. They have more tools and more information available to them than ever. I started doing this in 1989 and the Internet didn't exist. Now virtually everybody has access to the Internet.

Everybody can do research. Everybody is used to knowing a lot about a lot of things.

One of the things that's changed in marketing—and I'm talking about big M marketing, not necessarily just advertising, but everything involved in bringing a message to the prospect—is it used to be that there was a consideration set of one or two. I'm either going to go to the local community college or I'm going to go to Everest College down the road. Now there are usually four or five schools in the mix.

One reason is increased competition. If you just look at Salt Lake City, when I started here at Datamark there was Stevens-Henager College and Career College of Utah and Mountain West College, which is now called Everest College, and that was pretty much it. Now we've got Strayer, ITT, Art Institute, Fortis College—you name it, we've basically got every brand of the major for-profit colleges and universities here in Salt Lake City, and they're all competing. There's been population growth, but the growth in the number of for-profit colleges in the market has outstripped the growth of the population.

So when people are making a decision about their education, they're considering three, four or five schools now, whereas they had a pretty narrow set before. So that creates new challenges for marketers. You have to try to differentiate your message. You have to try to get to the people using more sophisticated means. You have to more finely target your message so that you can get it to the right people. It's a

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How has your philosophy in terms of serving your clients evolved over the years?

If you're looking at the history of Datamark, we were pretty simple in our initial approach. We only offered

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direct mail and even in direct mail we had a pretty narrow set of services. If you wanted to buy our kind of direct mail then we would do a good job of delivering that to you. But it was pretty cookie cutter—we have these options, choose one of these

options and we will provide this campaign for you. It wasn't very customized.

But over the years we've evolved dramatically. Now our focus is on being a trusted advisor to our clients, because there are so many different media channels that they can use. There are so many different kinds of strategies, from generating as many leads as possible at the lowest price point, all the way up to generating inbound phone calls and everything in between.

As Datamark evolved, we first added TV, radio and print, and then we added Internet media management, and we've developed tools that enable us to provide all of those services in a differentiated manner. The focus of everything that we have done has always been data driven. So if we can create a data feedback loop that tells us what's working and what's not working, then we can be successful.

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loop because then you're just guessing on whether something is working or not. The core of everything that Datamark does is that it's measurable—we can measure it and we can improve upon it. By improving upon it, that means sometimes we actually jettison some campaigns or some channels because they're not cost effective, or they don't work, so that we can end up with exactly the right media mix on behalf of our clients.

My experience, and I'm sure yours as well, is that often client beliefs don't align with the data you generate.

That is absolutely true, yes. I've lost more than one client over it, because they take a strong position that this is who our customer is and this is how we should approach them. We are very strong advocates of always having a test-and-control methodology. In those instances where our clients are adamant that an approach will work and we're adamant that a different approach will work, we'll go to them and say okay, we'll do a campaign using each approach and we'll see which wins, and the champion will continue and then we'll test against that once it succeeds. Sometimes that's very satisfying to the client, because they get good results and they go wow, we were completely wrong and you helped us find the right solution. Only on very rare occasions have I had clients whose egos have gotten in the way and they weren't able to handle the fact that they were wrong.

Speaking of direct mail, we've had clients bring us very complex direct mail packages with expensive paper and a four-color brochure and all of these things, and our experience is that for lead generation, where you're trying to communicate an emotional benefit quickly to somebody and get

them to make a decision quickly, those kinds of packages actually don't work. Simple and elegant is almost always better.

As a company, internally or culturally, how have you evolved over the last 25 years?

There's been a really significant evolution in our people, even represented by our current location. So it's

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coincidental to our 25th anniversary, but we just moved into new offices in downtown Salt Lake City. We've always been out in the suburbs, basically in an industrial park where we could have easy access to the post office and could be in close proximity to our direct mail production facility. In the early days, most of our people were dedicated in some way to the production of direct mail. In fact, at one point, production workers—hourly workers who came in and were involved in the direct mail process—dominated the company. Over 50 percent of our workforce was involved in that.

We have evolved to where we still have a direct mail production facility, but it runs on much newer, much better technology than we used 15 years ago and it runs much more efficiently. So we have half the people devoted to producing the same number of pieces of direct mail as we did 10 years ago. We still have the same capacity and we have advanced capabilities in terms

of the complexity and the sophistication of the product, but we can do it with far fewer people. That's the adoption of technology that has enabled us to do that.

But the workforce has evolved dramatically. Most of the people that we hire at Datamark today are professionals in: marketing, market segmentation, market research, media buying, creative, technology design, etc. So our workforce is now pretty much a college-educated, highly professional, highly specialized workforce, whereas it definitely wasn't that in the beginning stages.

What's your perspective on the future? I'm sure you have some thoughts on what the next five to 10 years will be like in terms of serving the sector.

I don't think it's going to get easier. I don't remember how many cycles

I've been through, but I think this is my third or fourth economic downturn. Admittedly, this one is different from all the others, because the others lasted about 18 months to two years and through the counter-cyclical nature of the industry we actually thrived during the economic down-

turns. For this one, for the first 18 months or two years, it drove growth, but when we came to the end of the two years and it wasn't over, all of a sudden it started to affect the industry adversely.

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bad to everything. There are some aspects that are positive, and there are others that are negative, but largely it's positive.

For a company like Datamark, where we focus on the data and we follow the data, being

measured and working with metrics is something that we're used to, that actually drives performance. So as we're working with the new types of clients and decision makers, it's actually pretty exciting and challenging.

America still needs to be educated, and traditional education is not going to fit the bill. There will continue to be a lot of competition for students, so marketers have to get smarter and have to deploy better technology and better systems in order to not only attract the student at the initial interest, but also to keep that interest and follow them through the enrollment funnel. The focus has gone from cost per lead to cost per start, but I think it is evolving to what is the total lifetime value of a student. We're already starting to see customers talk more about that.

When we're looking at the total lifetime value of a student, we're looking at what kind of students do we want to recruit? What kind of students not only start but stay in school, and what role does marketing play in keeping people enrolled? Is there something we can do at the beginning of the process? Can we identify people who are more likely to stay and persist and graduate, and what role does marketing play during the actual lifecycle of the student? How do we keep them enrolled?

I think marketing is going to broaden its focus from pure lead generation to generating the lead, then nurturing the prospect while they're in the decision-making process and continuing to nurture them while they're a student and keep them enrolled. I don't think it's going to come in the next two years, but maybe in the next five to 10 years. I think the more sophisticated marketers will follow the example of some of the traditional universities where they'll start looking at their alumni networks a little differently than they have in the past—looking at them for referrals and figuring out what kind of marketing they can do to alumni, because that's a resource that's been untapped. I think it's going to get more challenging and more complicated, but in a way it's also going to get a lot more fun.

Do you plan on being around for all that?

I'm going to be around. It's just too much dang fun.

**Career
Education
REVIEW**

Edited by Judi Ditzler.