

Apollo Group's product profitability model

Kerin, Hartley, Berkowitz, and Rudelius (2006, p. 46) report that an essential part of the strategic marketing process is the control phase which keeps the marketing program moving in the planned direction. The control phase involves identifying deviations and developing a plan to correct or act on the identified deviations (Kerin et al., 2006). Profitability analysis is a method for aiding decisions to expand, maintain, reduce or eliminate specific products, customer groups channels or promotions (Kerin et al., 2006), p. 604). Return on Investment (ROI) Marketing uses modern measurement technologies and organization design to analyze and optimize marketing spending (Kerin et al., 2006).

Spina (2007) reports that company marketing efforts often present a pattern of haphazard pieced together attempts that provide lackluster results. However, the Apollo Group, Inc. was founded in 1973 with a specific response to a gradual shift in higher education demographics from a student population dominated by youth to one in which approximately half the students were adults and over 80% of whom worked full-time (Apollo Group, 2007). The Apollo Group has been successful in identifying and marketing to a demographic with specific needs.

The Educational Marketer (2006) reports the Apollo Group is a new phase of marketing because their market segment of the past decades is experiencing slowing enrollment growth and changing market conditions. Detecting a change in the market, the Apollo Group, Inc which has historically marketed and served non-traditional college students or working adults pursuing degrees has started to market and target students right out of high school (Educational Marketer, 2006). Targeting the new demographic group, Apollo's Axia College will focus on younger students. The change in demographic focus will require rewriting curriculum to provide new types of support such as tutorial services, peer-to-peer support and making content portable to cell phones, iPods and other electronic devices (Educational Marketer, 2006). Apollo has also accelerated its marketing and developed a new branding campaign to target the different demographic. The new younger generation of students will have to attend college and work at the same time. To serve the new target demographic, the Apollo Group will have to understand the

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new demographics learning needs and develop innovative methods of delivering educational content (Educational Marketer, 2006).

Blumenstyk (2006) reports the Apollo Group will focus on the consolidation of marketing for the University of Phoenix's online and on-ground campuses. Furthermore, Apollo will shift Axia College into the University of Phoenix as a way of attracting younger students, with less college experience, to the university and believes that Axia will draw more students as an affiliate of Phoenix (Blumenstyk, 2006).

Symonds (2005) reports that the Apollo group spent \$383 million on marketing last year whereas few universities spend even \$10 million. Apollo marketing costs surged 48% in the first quarter, to 22.5% of revenues, up from just 15.8% in 2000 and Apollo's earnings last year grew an impressive 36% (Symonds, 2005). Symonds (2005) reports that the associate executive director of the American Association of Collegiate Registrars and Admissions Officers, warned: "This rate of growth may not be sustainable.", however, Apollo remains profitable.

The Apollo group for the first time has recently started targeting high school graduates, who are expected to hit a record later this decade and is now starting to penetrate the international market, where experts see huge demand for U.S.-style education (Symonds, 2005).

Like the Apollo Group, Companies have the opportunity to analyze current market conditions and strategies and adapt accordingly to stay competitive in the marketplace.

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