

AGENDA ITEM 8.

**COLLEGE ILLINOIS!® 529 PREPAID TUITION PROGRAM
MARKETING REPORT**

Submitted for: Information

Summary: For your review is a synopsis of past marketing strategy, the current sales environment for marketing College Illinois! 529 Prepaid Tuition Program, and the new sales goals, marketing strategy and key messages for enrollment period 2009-2010.

Action requested: None

ILLINOIS STUDENT ASSISTANCE COMMISSION
COLLEGE ILLINOIS! 529 PREPAID TUITION PROGRAM
MARKETING REPORT

INTRODUCTION

The College Illinois! 529 Prepaid Tuition Program opened on Nov 1 for its first year-round enrollment. For the first time in the program's history, discounted pricing is available each month until prices are re-calculated for the 2010-2011 enrollment.

Competitive Environment/Challenge:

Based on the most recent College Savings Plans Network program statistics, the College Illinois! 529 Prepaid Tuition Program continues to be ranked number seven among prepaid tuition programs in the nation, showing no change from last year despite the harsh economic environment.

College Illinois! past performance:

Year	Contracts sold	% change
2003-2004	6,348	(baseline 100%)
2004-2005	5,632	-11.3
2005-2006	4,972	-11.7
2006-2007	4,386	-11.8
2007-2008	4,853	+10.6
2008-2009	3,669	-24.5

Two items to consider:

- The total cash for the 3,669 contract sold last enrollment period (\$129,082,100) was only 14.2% lower than for the 07-08 enrollment despite the lowered number of contracts sold.
- The marketing budget had been increased to over two million dollars for the 07-08 sales year which brought the first increase in sales in several years. It was cut down to 1.5 million for the 2008-2009 enrollment period where we saw declines in sales. The budget was cut again for the 2009-2010 pricing period - which will be six months longer than in past years - to just over \$1.4 million.

2009-2010 sales goals:

For 2008-2009, per our actuarial estimates, the baseline assumption was that the College Illinois! 529 Prepaid Tuition Program had to sell **4,500** contracts for 2008-2009 and for each subsequent enrollment period, in order to cover its administrative costs.

Adjustments in costs and expected earnings brings the 2009-2010 pricing period contract sales goal to a minimum of **5,500** contracts valued at least \$200,000,000.

Current College Illinois! staffing/marketing agent situation:

At the beginning of the 2008-2009 enrollment period, the College Illinois! 529 Prepaid Tuition Program had an unprecedented three full-time salespersons on staff who worked as a team to both service customers in person, at trade shows, via live presentations and on the phone. Additionally, these three sales specialists actively developed relationships with education/community organizations, government entities, and private corporations in order to create up-scaled distribution channels for the program. Due to budget considerations, this staff has been reduced to two for the current pricing period, but will continue to develop those same three key types of relationships.

Timing had not allowed for the CMCO to put the agency into review prior to the opening of 2008-2009 enrollment. Very strong direction on the tone and aggression for the program still yielded continued unspectacular performance from the agency. This - coupled with pressing concerns about budget - led to the development of an internal marketing team to handle design, marketing strategy, media planning, and PR for the 2009-2010 pricing period, which is working at a professional services rate that is nearly half of what the marketing agency had been charging us.

Additionally, it is our expectation that qualified third party marketing agents will be found and contracted to start selling prepaid tuition program contracts to their clientele base starting in late winter, thereby adding exponentially to our sales manpower.

2009-2010 pricing period marketing message focus:

The 2008-2009 enrollment period put an emphasis on the new pricing plan options, the message of security for investments as compared to other college savings vehicles, and the connection to the State of Illinois. Also in 2008-2009, we stopped using the phrase “backed by the state,” started talking more about State’s “moral obligation” to the program and started using the service mark consistently across all communications.

For the 2009-2010 pricing period we will talk about value in the context of plan flexibility – and that benefits can, in fact, be used: “almost anywhere in the United States and even at certain international postsecondary institutions recognized by the U.S. Department of Education as eligible to receive federal financial aid.”

This is why we’re downplaying “College Illinois!” aspect of the brand and emphasizing the versatility of prepaid tuition programs – we really are “College (almost) Everywhere.” To support that, we are using a new web address – www.529prepaidtuition.org – to communicate that we are not a company, but a non-profit organization, and to emphasize what the program is, not mislead customers about where program benefits may be used.

Additionally, we are addressing consumers’ desire to wait “until next year” or “until things get better” to enroll by communicating the opportunity to save more the earlier you purchase. In conjunction with that, we’re going to be highlighting new, more convenient payment options.

Lastly, we will continue putting existing and prospective contract holders at ease about the safety and security of their investments by speaking clearly about the stability of our program, and by talking openly about our state’s moral obligation pledge to the program, our investment strategy, and the Investment Advisory Panel that oversees the strategy. We are now offering up myriad reports and expanded information about our investment oversight and policy on the website to give people the confidence that we are open about our practices.

2009-2010 tone and feel changes:

During the 2008-2009 enrollment period, we moved away from the stark gold and black to a softer palette employing gold elements but also featuring strong vibrant colors to differentiate the new pricing plans. For 2009-2010's pricing period, we turned completely away from the collegiate-reminiscent logo to a logo, style, and color palette that say "this is a smart, conservative, stable investment."

The printed enrollment kit is the best example of movement toward a serious, elegant brand personality. The website will eventually – once its production is brought in-house – share this sensibility. At that time we hope to make wholesale changes to the design and navigability of the site.

During the 2008-2009 enrollment, the writing style was adjusted to a warmer, more conversational tone and all copy was revised to eliminate as much jargon as possible, making the enrollment kit, website information, and email messages easier to read and understand. E-blasts and advertising copy had been sharpened to have a more sales-oriented feel. This will continue, with copy focused on the messaging discussed above.

Target Audiences:

Prior to changing the program to tiered pricing, audiences for the product had been refined to target parents and grandparents of children under 12-years-old with household incomes of \$100,000. During the 2008-2009 enrollment period those audiences had been further isolated to household income brackets and plan choice type.

Program data continue tell us is that these are the people who are purchasing contracts:

- 90 % were Caucasian parents (plus 8% grandparents), living in a household making over \$100,000 annually, with half of them paying for their contracts in a lump sum
- Though they were almost evenly split in gender, they were slightly more male than female
- They mostly lived in Cook, DuPage, Lake, Will, and Kane county, respectively
- 87% of them purchased on-line

The critical descriptor that has, until now, not been fully taken into account is that 35% of them (the largest group by far) heard about the College Illinois! 529 Prepaid Tuition Program from a family member, friend or colleague who is an existing account holder.

In addition to that, enrollment 08-09 brought 700 plan upgrades valued at \$6.4 million from existing account holders despite there being no special marketing push.

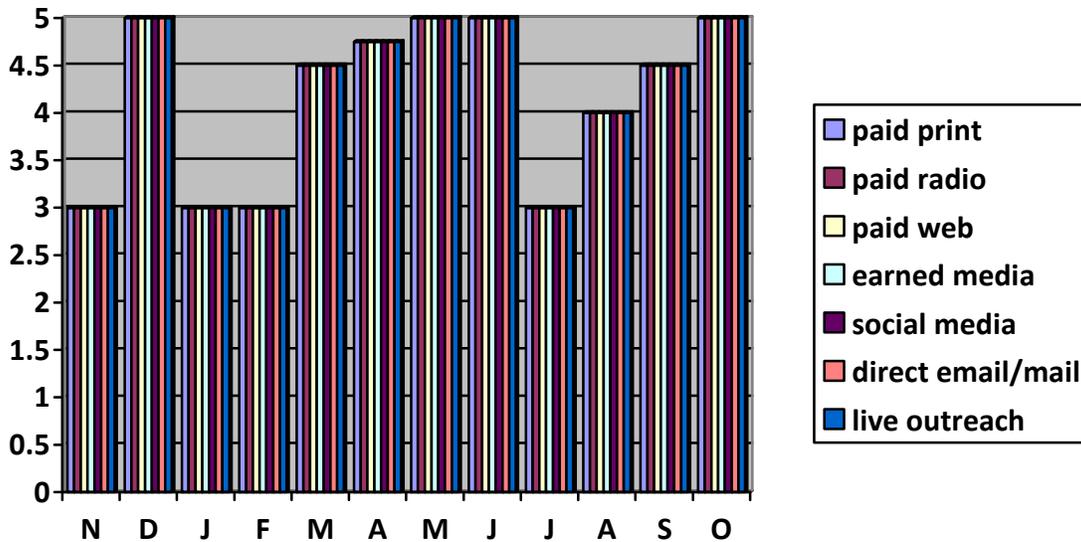
What this means is that one of the most important target audiences we have is existing account holders. They are the ones who are most responsible for – and best positioned to – bring the College Illinois! 529 Prepaid Tuition Program to the attention of others who are in need of safe, reliable ways to save for college. Marketing, communications, and media will reflect this.

2009-2010 media and paid advertising:

This year’s budget considerations – smaller budget overlaid on a six-months-longer enrollment period –demand innovative media and advertising strategies.

We will be greatly relying on earned media – more authoritative to a consumer than paid advertisements – for buzz that will be leveraged into relationship building tactics with both existing contract holders and potential contract holders.

The philosophy is that in regard to paid media slow and steady wins the race – rather than relying solely on event-driven/seasonal media buys, constant, consistent messages will be delivered consistently over time in select radio/internet/niche print publication media that will focus on college educated audiences in geographically diverse parts of the state.



The above chart – showing intensity levels from 1- 5 – shows different types of communication vehicles and how they will be distributed in order to capture hot spots of opportunity to sell contracts. Bumps in frequency will occur at Christmas/end of tax year in December, tax and tax return time during March and April, and the end of ISAC’s fiscal year in May and June. Efforts then start the climb in intensity towards the end of the pricing period.

Media purchases are specifically being made with networks that can deliver consistent radio, print weekly and monthly publications, and web ads through outlets across Illinois, in order to blanket the state in the most cost effective way possible.

For instance, print will be placed through a network that will deliver eyeballs in geographically diverse weeklies, which are known to have higher “hang-around/pass-along” rates and audiences than daily printed newspapers. Racially diverse audiences will be reached via other-language weekly newspapers and printed publications as well.

Radio networks featuring news and traffic, as well as Public Broadcasting content will be used to reach across the state in consistent flights. Internet web sites will be used to reach readers of newspapers

across the state and social media tools will be used to engage existing contract holders and facilitate the distribution of earned media across the state.

E-mail messages and direct mail printed pieces will also be utilized to strengthen relationships with existing contract holders, both to entice them to upgrade, and to encourage them to engage both with the College Illinois! 529 Prepaid Tuition Program community and their non-contract holder peers on our behalf. Incentives for current contract holders to recommend on our behalf are still in planning stages.

Summary

Because the strongest form of getting people into the College Illinois! 529 Prepaid Tuition Program for the last five years has been word-of-mouth from existing contract holders, the goals of paid and unpaid media this year are to strengthen existing contract holder's bond to the program, giving them ample opportunities to share news from the program with peers, and to create consistent paid media presences to geographically and ethnically, diverse audiences.

Fairs, conferences, and other mass-contact opportunities are in review as well, and only the most impactful and cost-effective engagements will be booked for our two-person sales staff.

In stark contrast to years past when long-standing, media and conference vendor relationships were used to develop highly similar media flights and special events year in and year out, 2009-2010's flights and engagements will be monitored aggressively. We'll be avoiding hefty agency fees, ensuring we negotiate the lowest possible prices for paid media flights, and tracking and evaluating performance of paid media and live engagements as they correlate to contract sales on a weekly basis in order to make meaningful adjustments.