Private For-Profit Colleges and Online Lead Generation: Private Universities Use Digital Marketing to Target Prospects, Including Veterans, via the Internet

Summary: This report summarizes how companies that specialize in recruiting students to enroll at for-profit colleges use online lead generation (or “lead gen”) and other targeting tools. Websites that look like news sites or even colleges themselves are actually (often deceptively) collecting information about you to sell your profile (a “lead”) to the highest-bidding for-profit school. Many lead generators specialize in targeting veterans, because the schools will pay a higher fee to obtain access not only to federal student loan funds but also to federal veterans’ benefits, as we explain below. Many of these schools are under investigation or have even been shut down by government agencies for fraudulent practices. At the end of the report, we offer consumer tips on what you can do to protect yourself.

Here are the details:

You want to get a college degree and search online for information, looking for “best affordable colleges” or “military-friendly degrees.” At or near the top of your search results is a website with names like “GetaDegree” or “BestcollegesforVets.” You click on the link and land on what appears to be a highly informative and trustworthy website, which provides videos, blogs, links to Facebook and Twitter, and offers information on how to find the best, affordable college program. Even better, there is a prominent banner that tells of scholarships available. You fill out an online form that asks about your interests, and the site quickly recommends several schools, urging you apply now. You decide to think it over and leave the site. Over the next few weeks, however, wherever you go online, including when on social media, watching videos, or using your mobile phone, there are appealing ads that appear to know about your plans for college. In fact, the colleges that showed up when you searched the “GetaDegree” website are the very ones advertising to you online. The message from the ads is designed to trigger a positive response, urging that you take action now to qualify for easy acceptance or additional benefits.

Many of these legitimate-sounding websites offering information on colleges are part of a web of companies that profit by finding students for the private for-profit college and vocational education industry. They use all of the latest and
most powerful “Big Data” digital marketing tactics available to help their for-profit college clients sign you up. That professional and user-friendly “BestcollegesforVets” isn’t really designed to provide you with objective and honest information about your post-military college plans. It’s actually an online lead-generation business designed to feed new prospects (“leads”) to their for-profit college clients.¹ For every lead delivered, the website makes money.² Many of the best-known for-profit and private colleges—such as University of Phoenix, DeVry, and Capella—have their own and highly sophisticated digital marketing divisions, including for lead generation.

For-profit college revenues grew an astounding 800 percent from 2000 to 2012.³ The economic success of the for-profit college industry reflects the growing capabilities of these schools to use the Internet to deliver class after class of students. For-profit colleges significantly outspend their nonprofit academic competitors to lure students either to enroll or to remain in their programs.⁴ Every student paying fees is viewed as an important “profit center.”

### Online Lead Generation and Targeting:

These schools are able to identify new prospective students through various forms of data collection and targeting online.⁵ Few students realize that when they visit one of the higher-education lead-generation websites, they are secretly “tagged” by online software (such as a “cookie) that tracks where they go online. Such tagging enables the school to follow prospects and deliver an ad when they are on other websites. Nor may they know that when they filled out that form, it was instantly sent to a high-tech “call” or data center used by the lead generator. There, reams of additional information on prospects are added to their “profiles” and verified for accuracy. This can include information on location, race/ethnicity, phone number, and the like. Within seconds, a “score” is generated through “predictive modeling” that determines whether the lead is a good prospect who should be quickly signed up for school and loans. Alternatively, the score may reveal that the person is not worth spending more time on, given their debts and educational history. A person identified with a suitable score will quickly receive a phone call from a college recruitment office or the lead generator.

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**Where the money comes from:**

**Student Loans & Veterans’ Benefits**

Of course, most students pay those high tuition fees with federally-guaranteed student loans. The law allows a school to gain up to 90 percent of its revenue from Title IV federal student aid funds. But that’s often not enough for the schools, which also target veterans to gain access to their GI Bill funds and Department of Defense (DoD) Tuition Assistance dollars, which do not count against the 90-10 rule limits, as explained by The Institute for College Access and Success (TICAS).¹
If the “sale” to sign the person up to the school isn’t completed then, the individual may continue to see compelling ads to enroll when they go online.⁶

By working with leading data brokers and digital marketing specialists, for-profit universities identify individuals who share many of the characteristics of students who have already enrolled. Through the use of highly advanced data-driven online ad technologies, educational marketers “buy” the right to target with an ad or offer “look-alike” individuals—whether they are on search engines, social media, via email, or using their mobile phones. The same “Big Data” practices are also being used to ensure that students keep enrolling and do not drop out. Students can be monitored online, including their use of social media and chat, with that data used to identify potential problems that may lead to withdrawing from the program. While these monitoring programs can be of help to struggling students, a key goal of such digital eavesdropping is to ensure a student keeps paying tuition.⁷

Lead generators specializing in the military reach out to prospects (and their spouses) by targeting armed forces personnel at various military bases and commands.⁸ In order to cash in on the GI Bill and other programs designed to help veterans go to school, the educational lead generation industry has created an array of specialized programs designed to sign them up. Prominently displayed in online ads is the promise that schools are military- and veteran-friendly, and that students will find additional support and respect.

While using digital marketing to target prospective students is a cost-effective strategy for online educational lead generators and schools, most of the students who do enroll will be forced to take out expensive, and often unaffordable, loans. Students can quickly find themselves deeply in debt, disillusioned, and unable to continue the program. Too often, the lure of a well-paying job and career assistance—featured in the online advertisements—are nothing more than empty promises.⁹

The Obama Administration, Congress, the Consumer Financial Protection Bureau (CFPB), and the FTC, as well as state attorneys general, have been actively working to reform how these schools operate. The CFPB, for example, has brought cases against such well-known private schools as Corinthian and ITT Tech for “predatory” pricing, fostering high debt by students, and failing to ensure that students can find the meaningful employment they were promised once they graduate.
Despite this criticism, for-profit schools are aggressively expanding their digital marketing practices, including the use of online lead generation. While prospective students should be cautious when they go online and search for information on colleges, it is also important that regulators begin focusing on how these schools are using “Big Data” and digital marketing. They often hide behind purposefully vague and inaccurate privacy policies—or claim that a student can “opt-out” of such tracking. These safeguards are inadequate and ineffective. Without regulatory intervention, the for-profit college industry will continue to reap profits using online lead generation and other digital practices, leaving many students—and their families—as victims.

**What Can You Do To Protect Yourself?**

The U.S. consumer agency CFPB offers tips for Corinthian students [here](https://www.consumerfinance.gov), and has all its student resources archived [here](https://www.consumerfinance.gov).

The U.S. Department of Education has this [general advice on student loan forgiveness](https://studentaid.ed.gov) for any student. It maintains a page explaining all its action related to Corinthians including advice to current and former students [here](https://studentaid.ed.gov).
For-profit colleges were early adopters of data-driven lead generation.

For-profit colleges recognized years ago that the capabilities of data-driven digital marketing could generate prospective leads and help sign up more students. For example, the Apollo Group, which owns the University of Phoenix, acquired online advertising network Aptimus in 2007 in order to expand its own formidable prospecting capabilities. Today, Apollo has “one of the largest online search and display marketing budgets globally.” It and other higher-education marketers are using the latest "Big Data" and digital marketing techniques to drive enrollment:

- Online colleges use “predictive modeling” to identify potential “high-value prospect” leads by combining their own student information with outside data. Among the data used are a person’s “neighborhood composition,” “housing density,” occupation, political affiliation, and the amount spent on clothing. Millions of Americans were secretly analyzed online, and were then targeted “across thousands of different websites.”

- A large for-profit college uses Facebook to capture “hundreds of thousands” of leads monthly. Working with a digital marketing firm, the college targets those leads who had failed to enroll, by using “Facebook’s Custom Audience” marketing service and “1:1 targeting techniques.” The firm added additional information to the leads, including a person’s email address, and Facebook users received ads on both their mobile phones and PCs. The campaign conducted tests to make sure the campaign worked, delivering more than “200 different” versions to determine the most effective approach.
Several leading educational lead-generator sites use “algorithms” and digital “smart engines” to identify potential students. Working with the “industry’s largest database of education marketing interactions and client results,” as well as “advanced simulation and statistical techniques,” prospects are said to be assessed more effectively and matched to particular schools.  

Schools use leading data brokers to score and prequalify leads in “real time.” Additional data on individual prospects are quickly gathered to provide a more complete picture of a person for scoring. A person’s name, phone number, and email address are quickly verified, and additional data that are added to the scoring model include “demographics, life events, and behavioral, individual, household and geographic” information. This process helps education marketers “identify and reject in real time prospective leads that are likely never to convert.”

The same data broker uses “geo-targeting” technologies to identify more precisely where potential leads may be, including those who are “close to schools where students live and play.”

Another leading major data broker enables schools to “instantly identify prospective students” for “in-the-moment decision making.” The company’s data analytics are said to determine a potential student’s “motivations for going to school,” and verifies in “real time the accuracy of phone, email address and/or mailing address.” Through the use of data and lead scoring, schools are able to personalize their online messaging to students, as well as discover similar people online as possible future prospects.

Schools use various scoring models provided by data companies to determine how much to pay for an individual lead. A “low-scoring lead” can bring $25, while a higher lead generates $45 per person.

Higher education marketers are using state-of-the-art technology—called “programmatic buying”—to identify leads wherever they are online. In milliseconds, individuals identified as prime candidates can be sent an online ad—regardless of whether they are using a personal computer or a mobile device.

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Footnotes:

1 As an article in Salon explained, lead generators “tap data culled from the digital footprints left behind by the use of smartphones and web browsers. Lead generators use algorithms that can sift through hundreds of data points to identify prospects. Search engine queries, browser histories, email metadata, Facebook posts and GPS records of your movements all contribute to powerful algorithms. Having collected a consumer’s online history, they match up demographic records, credit scores and other details that can be purchased from third-party sources to estimate both the likelihood that a person will apply and as his or her lifetime customer value. Their algorithms can incorporate as many as 70 different user characteristics. They can analyze a person’s viability as an applicant in seconds and sell it to the highest bidder instantaneously. Since each new enrollment can bring tens of thousands of dollars in revenue, schools are aggressive in their use of lead generation services. With the decline of subprime mortgage lending, private for-profit schools are now the largest source of revenue for the lead generation industry.” Adam Rust, “‘I feel like I was set up to fail’: Inside a For-Profit College Nightmare,” Salon, 25 Jan. 2014, http://www.salon.com/2014/01/25/inside_story_of_a_for_profit_college_nightmare/. See also “Set Up to Fail: Inside a For-Profit College Nightmare. Part V,” bnk Talk, 7 Feb. 2014, http://bnktalk.org/content/set-fail-inside-profit-college-nightmare-part-v.

2 Lead generators are companies that specialize in finding “hot prospects”—people in search of a financial product, such as a credit card or loan—or a service, including vocational and college education, and who sell that person’s information to clients or those willing to pay a lucrative finder’s fee. Jesse Nickles, “Campus Explorer Attempts to Coerce CollegeTimes into Compliance Contract for For-profit Colleges,” CollegeTimes, 25 Sept. 2014, https://collegetimes.co/campus-explorer/; Ethan


4 Marketing to prospective students is a big business, on which colleges and universities spent more than $1.24 billion in 2013.


11 Apollo Education Group, “Apollo Group Completes Acquisition of Aptimus.”


