

## Kent County Council Case Study - Market Based Approach to £plus (Club60)

### Introduction

Fee income is one of the most important sources of Pound Plus, but increasing income from fees is not always straightforward. This is particularly the case in an era of austerity when cash is tight and people are looking to save money wherever possible. Across the country adult and community learning has increasingly focused on targeting hard to reach learners and whilst this has had a significant social and economic impact the potential for generating fee income from these target groups is relatively low. A universal offer for all residents in the community, including the most affluent, is an essential requirement of the Community Learning funding allocation and this universal offer provides the biggest opportunity for generating fee income. Kent County Council's Community Learning and Skills Service have developed an innovative approach for generating fee income called Club60, based on detailed market research and understanding the needs of the client group. This case study explains how Club60 developed and outlines its essential features.



The advertisement for Club60 features a teal tufted armchair on the left. To the right of the chair, the text reads: "Club60 A new lease of life..." in blue and green. Below this, a smaller text block asks: "Why not sign up for a course in upholstery? Or choose from the huge range of other courses on offer and start earning your discounts and rewards today." At the bottom right, there are three logos: "KENT ADULT EDUCATION" in purple and green, "COMMUNITY LEARNING AND SKILLS" in green and purple, and the "Kent County Council" logo featuring a red horse.

### Development of Club60

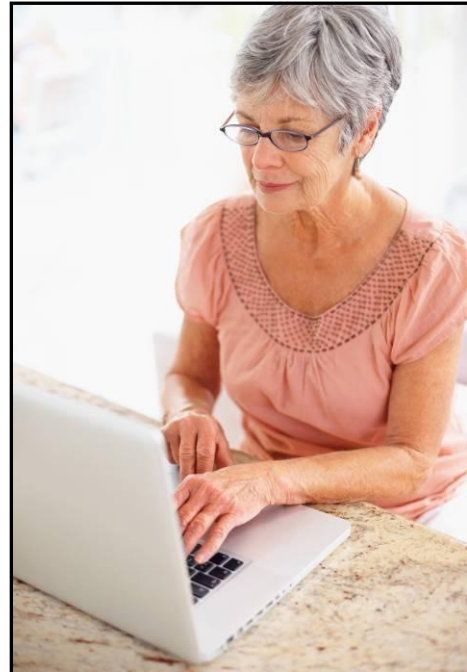
The starting point was a complete review of the types of learners who were engaged in adult learning and the range of courses that were being offered in order to improve business performance. A substantial proportion of learners were over 60 years of age and a number of these individuals lived in some of the most affluent parts of the county. At this time, however, all learners over 60 years of age received a 40% concession from the published course fees and this represented a large loss of potential income for Kent Adult Education.

Caroline Polley and her adult learning team carried out extensive data analysis including geodemographic classification of residents according to their home postcode (the MOSAIC UK classification system, for example, uses 15 groups, 67 household types and 141 person types). This classification was customised to Kent residents. Geodemographic analysis provides an insight into the motivations, interests and spending patterns of different consumer groups.

The analysis indicated that there were a number of older residents who were affluent, well educated and were willing to purchase high value products and services. These individuals, the team believed from the research, would be willing to pay more for adult education if the product and service was right.

Extensive field research (both quantitative and qualitative) was conducted to test assumptions and to identify the habits, behaviours and interests of older learners (and importantly non-learners). The research included a survey of just under 1500 residents and a series of ten focus groups with residents. The research looked at attitudes towards pricing, decisions on whether or not to enrol on courses, internet purchases, attitudes to loyalty schemes and what aspects of adult learning that they felt added most value. Some of the key findings from the research included:

- In general, cost appeared to be less important for older people than younger people
- Many residents were unaware of the price of existing adult education classes and didn't understand about concessions
- The quality of the tutor was the most important factor determining whether they would enrol on a course
- A good quality learning environment is expected if learners are paying a high fee



Kent used the research to implement radical changes to the way in which adult learning was marketed and delivered, including a change to the age related universal concession. Caroline explained why the introduction of Club 60 was important as one strand of an overall business approach:



**Club60**  
**Do you get *IT*?**

Club60 offers an amazing choice of courses at incredible prices – from Internet basics to online shopping. If you are 60 or over, sign up online today to start earning exclusive rewards. With over 3,000 new courses added for 2012/13, there is something for everyone.

**KENT ADULT EDUCATION**   **COMMUNITY LEARNING AND SKILLS**   **Kent County Council**

*“Central to what we are doing is to provide the best possible service to all learners including those living in affluent areas as well as those from more deprived neighbourhoods. This means listening to all of our customers and understanding their specific needs. The only way we can realistically generate more fee income is to provide learners with what they value and are prepared to pay for. An added bonus of this approach is that income generated from the more affluent generates additional income for our more targeted work with the disadvantaged communities”.*

The research also suggested that there would be widespread support in the over 60’s group for a ‘membership scheme’ that provided added benefits. Further research was then conducted with learners (and non-learners) to develop the idea and come up with a potential name and brand, including artwork, image, style and the feel of the scheme. The name “Club60” was the final choice.

### Details of Club60

Club60, a free to join online loyalty scheme for learners aged 60 and over, was officially launched as a pilot in the academic year 2011/12 (November). Club60 aims to encourage learners, to continually re-engage with adult learning and thereby increase the total spend (i.e. increase the Pound Plus value for the business). At the same time as Club60 was launched the fee concession rates was changed to reflect the market research evidence and the 40% fee concession for older learners was removed and replaced by either a 20% fee concession or no fee concession at all (depending on the course).

The screenshot shows the Kent Adult Education website interface. At the top, there is a navigation bar with links for 'Employer?', 'Need Help?', 'Print page', 'Text Size', 'My Basket', and 'Customer Login'. The main content area features a 'Course Search' sidebar on the left with filters for 'All Subjects', 'All Districts', 'All Days of Week', and 'All Start Times'. The central banner for 'Club60' includes the text 'It's the icing on the cake...' and an image of a pink cake with blueberries. Below the banner, there is a 'Welcome To Club60' section with a list of benefits: 'Join Club60 and receive exclusive rewards and discounts. Register today and receive £12\* worth of FREE vouchers to spend on any Pay As You Go course', 'Be part of a thriving new community', 'Exclusive rewards for members', and 'Discounts on future courses online'. A purple call-to-action box on the right says 'Sign up and get FREE vouchers off any Pay As You Go course' with a '£12\*' tag. The bottom right corner features a 'Be Inspired...' section with a 'See our range' link.

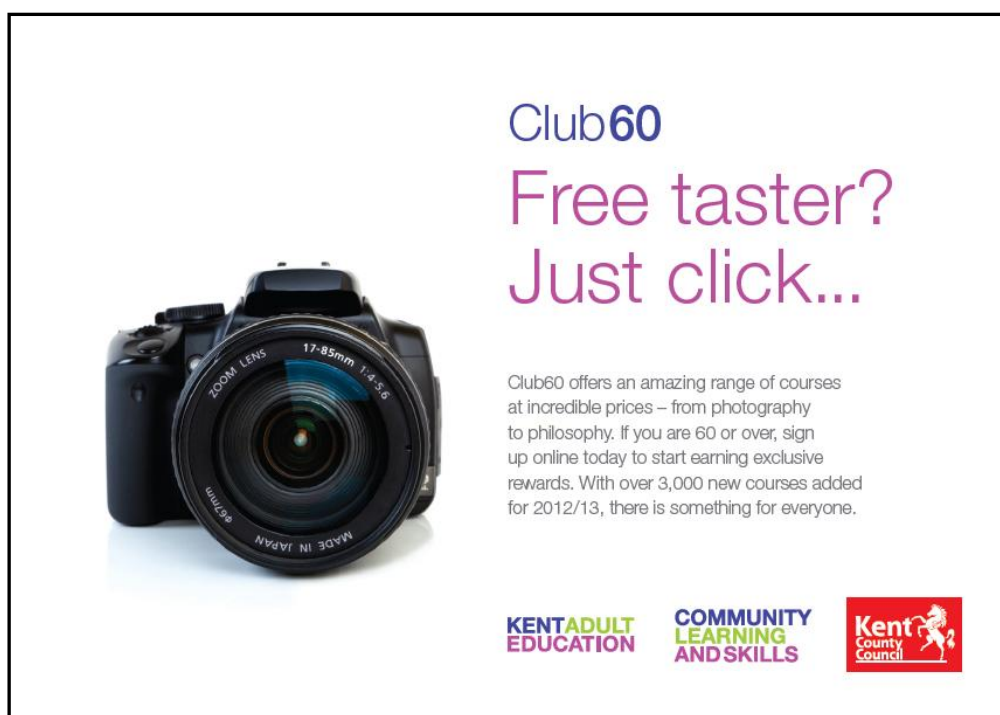
The Club60 scheme provides savings on future spend – the more you buy the more you save. It also provides special member benefits such as access to events, “early bird discounts” and advance information about new courses. The scheme is free to members and only available online in order to achieve efficiencies, reduce bureaucracy and make it as simple as possible for learners to enrol on courses and to actively encourage the use of on-line services by older residents. Club60 members receive a £12 Pay as You Go (PAYG) voucher on initial registration. PAYG courses, primarily fitness (but not exclusively) such as YOGA are just what they say – courses where learners pay for each session and can dip in and dip out. For Club 60 members the aim of the offer was to encourage learners to try something new which might encourage a longer term commitment...

Club60 is similar to other loyalty schemes in that it provides the service with greater access to information about individuals and about their choices and buying habits. This supports the organisational marketing approach adopted across Community Learning and Skills and enables the development of courses and products which meet the needs of individuals and ensures that they can be marketed in the most effective and relevant way for each individual.

The Club60 loyalty scheme and market approach has also had an impact on reducing the number of cancelled classes. In the past classes were cancelled if numbers were low and this led to complaints from potential learners. There is now initial evidence to show that Club 60 results in earlier booking and enrolment which enables further marketing to take place to ensure courses are full.

### **Pound Plus Value of Club60**

The total number of learners aged 60 and over in 2011/12 was 7,504 and 30% of these were Club60 members



The advertisement is enclosed in a black rectangular border. On the left side, there is a high-quality photograph of a black DSLR camera with a lens attached. The lens has '17-85mm 1:4-5.6' and 'MADE IN JAPAN' printed on it. To the right of the camera, the text 'Club60' is written in a blue, sans-serif font. Below it, 'Free taster?' is written in a large, purple, sans-serif font, followed by 'Just click...' in the same purple font. Underneath this text, a smaller black font reads: 'Club60 offers an amazing range of courses at incredible prices – from photography to philosophy. If you are 60 or over, sign up online today to start earning exclusive rewards. With over 3,000 new courses added for 2012/13, there is something for everyone.' At the bottom of the advertisement, there are three logos: 'KENT ADULT EDUCATION' in green and purple, 'COMMUNITY LEARNING AND SKILLS' in green and purple, and the 'Kent County Council' logo which features a red shield with a white horse and the text 'Kent County Council'.

Club60 members purchase on average 2.1 courses compared to non-Club60 learners who purchase 1.8. The average total spend by a Club 60 member after concessions and discounts increased by £41 compared to non members.

### **Kent County Council estimates that the Pound Plus value = £280,930**

This figure takes into account initial set up and pilot costs of £86K and includes fee income (from the increased value per customer), net gain in concession reduction from 40% to 20% and efficiencies gained by the on-line transactional saving compared to Contact Centre costs.

By taking this approach the organisation can re-invest funds in order to increase efficiency, invest in infrastructure and as a result deliver a better quality of customer service. Investment has been made in upgrading and resourcing learning facilities particularly in the areas of ICT and ILT in order to enhance the classroom experience and also to improve and increase access to learning in remote

and disadvantaged communities through the provision of mobile digital technologies; developing website improvements in order to inform learner choice and support decision making.

In addition funding has been provided for pilot learning activity with disadvantaged groups to support community inclusion: 1000 enrolments/engagements across Kent with the majority (476) in East Kent.