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Academic Brands and Online Education

Paul Schiff Berman

Online education both does and does not radically transform higher education and higher education brands. On the one hand, providing courses online potentially allows universities to reach a worldwide audience, helps them globalize their brand, changes the cost structure for both students and institutions, and could reshape the competitive branding landscape among universities. On the other hand, university brands are surprisingly regional, low student–faculty ratios are still necessary for truly high-quality education, and the online competitive landscape might ultimately simply replicate reputational hierarchies forged over decades in the world of on-campus education.

Thus, although it is probably an exaggeration to say that online learning will completely “disrupt” the higher education model and existing university branding hierarchies, online education will inevitably become more and more integral to universities and over time the distinction between on-campus and online education is likely to become increasingly blurred. As a result, online education brings both promise and peril for universities as they manage their brands while increasingly adopting online education modalities.

This chapter first provides an overview of the online education landscape in higher education. Then, it outlines some of the core issues that universities must address as they consider and implement online education strategies while managing their brand.

I. THE ONLINE EDUCATION LANDSCAPE

Online education, long relegated to the fringes of the American higher education system, has become mainstream. For example, between 2012 and 2016, although overall enrollment at four-year institutions increased by only 2 percent, exclusively

online enrollment grew by approximately 16 percent.¹ Similarly, the number of students enrolling in at least some online courses and programs grew by 39 percent.² Indeed, by 2018, one-third of all undergraduates at US institutions were enrolled in some online classes, and 13 percent were learning entirely online.³ These data suggest that not only are more students learning exclusively online, but even students in traditional on-campus programs are becoming more exposed to online and hybrid learning. This in turn reflects a shift in student preferences for increasingly flexible learning opportunities and also demonstrates the spread of technology-facilitated courses. With many secondary schools and universities moving instruction online as part of the response to the 2020 coronavirus pandemic,⁴ these trends have accelerated.

The movement to online is even more obvious if one focuses specifically on graduate education, particularly Master's programs oriented toward professional credentials. From 2012 to 2016, graduate enrollment in exclusively online programs at US-based institutions increased by approximately 28 percent.⁵ During this same period, overall graduate enrollment increased by only 2 percent, while undergraduate enrollment actually decreased by 5 percent.⁶ In the post-recession, post-pandemic economy, students may well be less willing to leave their jobs to gain a post-baccalaureate credential and instead may prefer working and studying simultaneously.

Even at the undergraduate level, university administrators in the United States are increasingly recognizing that the prototypical eighteen- to twenty-two-year-old resident college student actually constitutes less than half of today's undergraduate population.⁷ Instead, we see an increase in the number of so-called "non-traditional" undergraduates. These students have competing priorities and may prefer degree programs that allow for more flexible schedules.

Of course, education pursued away from campus is not a new phenomenon. The idea of correspondence degrees by mail extends at least as far back as the nineteenth century.⁸ However, until recently, most universities relegated such programs to the

¹ EAB Global, *Executive Guide to Online and Hybrid Education Strategy* 10 (2018), analyzing IPEDS (Integrated Postsecondary Education Data System) data from the National Center for Education Statistics.

² *Id.*

³ National Center for Education Statistics (2018), <https://perma.cc/F73Z-QDTJ>.

⁴ See e.g., Kevin Carey, *Everybody Ready for the Big Migration to Online College? Actually, No*, NY TIMES, Mar. 13, 2020, www.nytimes.com/2020/03/13/upshot/coronavirus-online-college-classes-unprepared.html.

⁵ EAB Global, *supra* note 1, at 11.

⁶ *Id.*

⁷ Leigh Guidry, *Older Students Are the New Normal at College*, USA TODAY, Oct. 3, 2018, <https://perma.cc/WM4M-BBYA?type=image>.

⁸ See Hope Kentnor, *Distance Education and the Evolution of Online Learning in the United States*, 17 CURRICULUM & TEACHING DIALOGUE, Nos. 1 & 2, 21, 23–24 (2015), <https://perma.cc/LU2E-6L8N>.

fringes of their educational missions. Correspondence courses were run out of continuing education or extension divisions and were generally operated on a cost-recovery basis as part of the school's community outreach mission.⁹ Certainly, no one thought that courses completed solely by mail could in any way replace or compete with traditional on-campus learning.

The rise of the commercial Internet in the 1990s, however, transformed the possibilities of so-called distance education. For the first time, off-campus students could engage in truly interactive sessions with faculty and other students, and the variety of teaching materials could be radically expanded to include prerecorded lectures, real-time adaptive assessments, interviews with experts, videos from the field, debates among leading scholars, interactive projects, virtual reality, and so on.

Still, traditional not-for-profit universities were slow to grab hold of this new opportunity. While some universities experimented with online programs – Duke launched a global MBA online, for example¹⁰ – most stayed on the sidelines, or they experimented with online only for non-degree continuing education. As a result, various for-profit universities – most notably the University of Phoenix – leapt in to fill the void. By 2010, there were 3 million students enrolled in online degree programs nationwide, 70 percent of whom were at for-profit institutions.¹¹ However, the result of this trend was that online education acquired the taint of a low-end, for-profit brand, and many people came to associate online education with diploma mills or fake universities.

The aftermath of the Great Recession of 2008 was a wake-up call for not-for-profit universities. Although initially many of those who were out of work sought graduate degrees, as the slow-down persisted, the popular press began focusing on higher education tuition prices and increasingly questioned whether the return on investment from education was worth the cost.¹² Over the following decade, student loan debt became a major topic in national political debates. On campus, graduate enrollments fell, and universities also began to focus on long-term demographic

⁹ See Ryan Craig, *A Brief History (and Future) of Online Degrees*, FORBES, June 23, 2015, <https://perma.cc/9NHG-25LL?type=image>.

¹⁰ See *id.*

¹¹ *Id.*

¹² One observer cataloged the factors leading to nationwide declining undergraduate enrollments at universities across the country: “the rising costs of a college education, the increasing skepticism that the return on investment of a college education is worth the cost, the relatively low rates of timely degree completion in both 4-year and 2-year colleges, the reluctance of many to travel far from home and to bear the cost of that travel, the reluctance to take on the burden of long-term debt, the perception of a relative lack of minority and low-income student social and academic support on campuses, and the feeling that there are too few people who share their culture, values, experiences, and interests.” Bob Hildreth, *U.S. Colleges Are Facing a Demographic and Existential Crisis*, HUFFINGTON POST, July 5, 2017, <https://perma.cc/ZQ48-Z8WT>.

shifts in the United States that are decreasing the number of eighteen- to twenty-two-year-old college students.¹³

These twin trends created a financial squeeze, and universities began to see online education as a source of increased tuition revenue, both for graduate and undergraduate programs. Flagship public universities, such as Arizona State and Penn State, sought to become national (and international) magnets for students, and even private universities long resistant to change began to see online education as a viable degree path, particularly for professional Master's students.

Meanwhile, the technology industry set its sights on the education sector as primed for "disruption" through the use of online modalities. New start-up ventures such as Coursera and edX partnered with elite universities to create MOOCs – Massive Open Online Courses – with superstar professors providing free education to potentially tens of thousands of students. The idea was that these MOOCs could bend the cost curve of higher education, providing a cheaper alternative by offering high-quality courses to the world at mass scale. This alternative education modality, Harvard Business School professor Clayton Christensen famously predicted, would put half of American universities out of business altogether.¹⁴

Inevitably, the hype about disruption turned out to be at least somewhat overstated. MOOCs still exist, but their leading purveyors have now moved into providing degree or certificate programs in collaboration with universities and are no longer offering them completely for free (though these certificates are sometimes significantly less expensive than full on-campus degrees).¹⁵ Thus, it does not appear that MOOCs are truly displacing the higher education model. However, their brief boom did succeed in making online education more attractive to higher-prestige universities that had been worried about online initiatives damaging their brands. With institutions such as Stanford, MIT, and Harvard embracing at least the idea of online education, the door was now open for other hesitant universities to explore online offerings in an effort to wrest students away from the for-profits. As a result, though the past decade began with a MOOC frenzy, the more lasting impact of their rise has been the massive growth in for-credit online graduate and undergraduate programs offered by both public and private not-for-profit universities: over a 20 percent increase in graduate programs and over a 15 percent increase in undergraduate programs.¹⁶

Although these programs are often launched with the hope of attracting new tuition revenue, it is important to recognize that creating them requires a major

¹³ See *id.*: "The nationwide number of high school graduates is declining and will continue to decline in both public and private schools through the 2029–2030 school year."

¹⁴ Abigail Hess, *Harvard Business School Professor: Half of American Colleges Will Be Bankrupt in 10 to 15 Years*, CNBC, Aug. 30, 2018, <https://perma.cc/T7F3-T93P>.

¹⁵ Dhawal Shah, *Massive Open Online Courses Used to Be 100% Free. But They Didn't Stay that Way*, FREE CODE CAMP, Apr. 25, 2017, <https://perma.cc/6227-8U5W>.

¹⁶ EAB Global, *supra* note 1, at 12.

upfront expenditure of resources, resources that universities often cannot provide prior to realizing any incoming tuition revenue from such programs. Accordingly, many universities launching online programs have partnered with for-profit online program management companies, or OPMs, which stay in the background but offer the student recruitment, instructional design, and technical and student services necessary to successfully operate an online program. In return, these OPMs either collect a set fee from the university or share a percentage of online tuition revenue. And while the use of OPMs has drawn criticism,¹⁷ it is difficult to see how universities can effectively invest the resources necessary to launch high-quality online programs without substantial upfront funding from somewhere. Nevertheless, these for-profit partnerships threaten to tarnish the overall branding of universities as not-for-profit institutions providing public goods, as opposed to neoliberal institutions scooping up as much tuition revenue as they can.

In addition to the cost of running online programs, universities also face increased competition in the online degree market. In theory at least, a student can take an online course from any university anywhere in the world (though, as discussed below, most students take online courses from universities located near them). So, how do universities differentiate themselves in this new space? This question leads to many others that implicate core issues of university branding. Is a university's brand helped or hindered by the creation of online programs? Can universities create a distinctive online brand that is separate from their pre-existing reputation? Does the partnership with a for-profit OPM affect the university brand? Does the rise of online education cause students (and employers) to de-emphasize the social role of the on-campus university experience, and can online programs recreate that social experience? Should online and on-campus versions of a degree both yield the same credential? If a *non*-university creates an online course, is that credential as valuable as a university credential, and does the answer depend on the university's brand reputation? If one university creates a best-in-class online degree program, why should other universities create their own, instead of licensing the best in class? But if they do that, then is the distinctive brand of each university diluted? And perhaps most important, over the long-term, how will even on-campus education ultimately be transformed by the rise of online educational possibilities, as students increasingly expect faculty to use class time for more than just lectures that could have been prerecorded, and most courses therefore become hybrid? Especially in light of the coronavirus pandemic of 2020, more and more universities will see online education as a significant complementary modality to their on-campus instruction. Ultimately, those universities that can forge the best combination of

¹⁷ See, e.g., Kevin Carey, *The Creeping Capitalist Takeover of Higher Education*, HUFFINGTON POST, Apr. 1, 2019, <https://perma.cc/XZ9E-684V>. But see Doug Lederman, *What Kevin Carey Got Right (and Wrong)*, INSIDE HIGHER ED, Apr. 10, 2019, <https://perma.cc/MQ77-JT4D> (collecting responses).

on-campus and online programming for *all* students – resident and non-resident alike – will be the universities that thrive. The following sections explore these various issues of online education and academic brands.

II. ONLINE EDUCATION AND THE UNIVERSITY AS A BRAND

A. Branding Online Education as Quality Education

Online education creates something of a branding conundrum for universities. Universities seeking to protect their brands are sometimes worried about online education because they fear that the actual quality of the educational experience will be lower, or because they fear others will *perceive* their institutions to be second-rate as a result of embracing online education. To some degree, these concerns reflect the taint that online education acquired from its past association with rapacious for-profit educational companies. On the other hand, if online programs generate new revenue – bringing in students who might not otherwise have enrolled at that university – the increased tuition revenue could be used to expand student financial aid and fund new faculty lines or research facilities or anything else a university might spend money on to improve quality and strengthen its reputation.

Universities therefore must work to ensure that their online programs are offered at the highest quality possible and that they are not perceived as “lesser” or “dumbed-down” versions of the equivalent on-campus degrees. This effort requires, first of all, that the online degree be in fact the same as its on-campus counterpart. There cannot be an asterisk or any other indication that it is somehow less than a full degree from that university. Second, the online degree must have the same number of credits and be equally rigorous. Third, it must have equivalent admissions requirements. If a school lowers its admissions standards for online programs in order to generate more tuition revenue, this could dilute the brand. Yet, while the admissions standards must be *equivalent*, they need not always be precisely the *same*. For example, because online graduate programs usually attract more mid-career professionals, a department might waive the GRE exam requirement in favor of some minimum number of years of relevant work experience. The important point is that the graduates of the online program cannot be seen as being substantially inferior to the students graduating from the equivalent on-campus program. Indeed, ideally if degrees were not designated as online or on-campus, employers would not know or care what modality the student used.

Of course, some might balk at the notion that the online academic experience could *ever* be equivalent to the on-campus experience. But there is nothing about the online modality per se that necessarily equates to lower-quality education. To the contrary, online education provides opportunities for student activities, interaction, and engagement that can sometimes even surpass on-campus learning. As with all teaching, it can be done poorly, or it can be done well.

Part of the problem is that when faculty members and others imagine online education, they often envision a grainy C-Span video with a single, stationary long shot from the back of a room and people simply talking for an hour. Or they imagine that online education must be like a MOOC, with one professor lecturing to 10,000 people online. And they rightly reject both of these as educationally lacking.

But online education can be much more than this.

First, both the technology and the instructional design thinking that power online education are now far more sophisticated than they once were. High-end video production can create engaging, short, and memorable presentations as well as other asynchronous materials that students can consume on their own time and that go far beyond just a video lecture. For example, a course on not-for-profit management can show footage of an actual Board of Directors meeting, an archeology course can take students to a field research site using virtual reality, a law course can provide excerpts from courtroom or appellate proceedings, and so on. Professors can also collaborate with other faculty members across the globe, provide students with video interviews and debates involving experts who might never find the time to come to an on-campus class, and show vivid video-based examples of classroom ideas in action. The days of C-Span videos are long gone.

Second, online education need not be offered at large scale, with massive student–faculty ratios. For example, a small group of students could take an intensive writing tutorial online, and there might only be a 5 to 1 student–faculty ratio. A US student taking a weekly one-on-one musical instrument lesson with a world-renowned musician located in India via Zoom is online education, and it certainly has lots of personalized attention and interactivity. There is no reason that the branding of online education need be synonymous with large scale. Instead, the online brand can imply more personalized instructional opportunities.

Third, online education can be branded as truly interactive education: it need not all be asynchronous. As bandwidth problems have decreased, it has become easier and easier for universities to provide synchronous discussion sessions, where all participants log in at the same time, everyone can see everyone else, and a real-time seminar discussion is easy to facilitate.¹⁸ Indeed, even many large online courses now divide the students in the class into smaller weekly discussion sections, with the student–faculty ratio capped at no more than 20 to 1. In addition, online programs can have on-campus elements, such as intensive weekends when all students gather for special programming. Some universities even use intensives to gather students for in-person programming at selected spots around the globe. These intensives allow for student bonding, more intense connections with faculty, and

¹⁸ Of course, bandwidth problems have not been eliminated, and the persistent digital divide in the United States means that students with fewer financial means may have difficulty obtaining both a working computer and a stable Wi-Fi connection, and universities will therefore need to address such concerns as a matter of equity.

customized educational experiences. As a result, calling online education “distance education” is in some ways simply a failure of branding. Universities would be well advised to emphasize close collaborative work, high interactivity, and low student–faculty ratios online, rather than physical distance and psychic remove.

Online programs also provide opportunities to create experiences tailored to individual students or discrete student groups. For example, imagine a statistics course in a Master’s of Business Administration program. Typically, such a course would include some strong math students as well as some who have not taken undergraduate math at all. Likewise, there might be a group of students particularly interested in going into the health care industry, while others want to be entrepreneurs, and still others plan on going into government, and so on. A professor teaching such a class on campus would pitch the class in a neutral way to try to accommodate all backgrounds, with the result that the course would never fully speak to anyone. In contrast, if the course were taught online, the professor could easily feed more challenging material to some and more remedial material to others. The students interested in health care could receive problems tailored to the health care sector, while the entrepreneurs could receive their own specific applications of statistical concepts. The synchronous online discussion sections could also be divided by interest or background to facilitate in-depth discussion of statistics in particular fields. And while all this could of course be done on campus as well, it is actually easier to accomplish online because professors can more easily feed different assignments or materials to different students. In addition, as adaptive learning algorithms progress in sophistication, students working through materials can automatically receive customized responses and follow-up assignments based on their prior answers. This personalization is difficult to do in an on-campus class, even if it has a fairly low student–faculty ratio, because online adaptive learning literally provides different content or exercises to every single student in real time, based on their responses. An on-campus classroom rarely offers such opportunities.

Even when lectures are delivered in a non-interactive, asynchronous format, the online modality can make them better than on-campus lectures. For example, each student can view an asynchronous lecture at a time when that student is most alert and prepared to listen, not when they are tired or multitasking. Students can rewind the material and listen to the content again; those for whom English is a second language can slow down the speed of the lecture or pause it to look up words, and so on.

Finally, although students lose the socialization of the on-campus experience, online Facebook groups, Slack and Discord servers, and homegrown social media platforms make interaction among students surprisingly robust, and the on-campus intensives add to those connections. Especially for professional Master’s programs, students capitalize on the fact that they and most of their colleagues are older and already working and can therefore use the program to build worldwide professional networks that continue long after graduation. Thus, while many may feel nostalgia

for their on-campus experience, meaningful social networks can in fact be formed online. This is particularly true for the new generations of students who have grown up interacting with friends through electronic media.

In short, while online education is clearly different from on-campus education, it need not be inferior. Indeed, though there are ways in which the on-campus experience is distinctive, there are also both pedagogical and social advantages to its online counterpart that we should not ignore. And, of course, when considering the quality and value of an online degree program, we must always ask ourselves: “As compared to what?” For example, if we are comparing an online class to a fifteen-person seminar taught on campus by a master teacher and discussion leader, the online class may not be able to compete (although that same fifteen-person synchronous session with that same master teacher could probably also occur online). But significantly, most students at most universities don’t take many fifteen-person seminars from master discussion leaders. Instead, they sit in large lecture halls with medium-level lecturers teaching at a time of day when the students’ biorhythms make them less alert and when many of them are multitasking. They are either bored or confused, they can’t ask questions or engage in discussion, they can’t ask for clarifications or rewind or look up materials that would help them understand, and so on. So, if that’s the comparison, it is not at all clear that an online modality provides an educational experience that a university needs to apologize for or that should hurt its brand. To the contrary, most professors, even those reluctant at first, find that teaching online forces them to be more thoughtful and intentional about what they are teaching and what their learning outcomes and methodologies are, and they emerge as better teachers, both online and on campus.

B. *Prestige, Branding, and the Price of Online Programs*

As mentioned previously, one of the reasons online education was supposedly going to disrupt traditional on-campus universities was that it would radically decrease tuition costs. But that has not turned out to be the case, and it is instructive to see why. First, quality online education actually requires significant expenditures. As discussed above, the asynchronous materials need to be well produced and edited, requiring sophisticated video production, virtual reality, and an instructional design team to work with faculty helping them transform an on-campus course into an online course that will be pedagogically excellent and – perhaps just as important – *seem* pedagogically excellent to prospective and current students or university accrediting bodies or funders. Second, in order to maintain a high degree of interactivity and a low student–faculty ratio, there must be many synchronous sessions, which requires a large number of permanent or adjunct faculty, as well as technical support to make sure it all runs smoothly. Third, the online student needs dedicated student support because university administrative logistics, tutorial help, disability services, technical support, course guidance, career counseling, and so on must all be offered online and

outside of normal business hours to accommodate the online student body. And finally, student recruitment in the competitive online environment requires sophisticated use of search engine optimization to try to ensure that one's program appears in the top five results of a Google search. Likewise, it is costly to ensure that if a student is interested in a program and makes an inquiry, that prospective student receives a call within hours if not minutes. Because most university admissions offices are not staffed to handle such inquiries, particularly outside of usual business hours, those tasks must be contracted to private companies. For all of these reasons, launching an online program requires a significant investment of capital up front, and so universities are hesitant to reduce the tuition price, particularly if part of the reason for launching the online program was to generate new revenue.

In addition to the purely economic reason for keeping tuition high, there is a branding justification as well. Universities are often hesitant to price their online programs lower than their on-campus equivalents because it might signal to students (and employers) that online programs are somehow cheaper or lesser than on-campus ones. Instead, universities hope to signal that the online degree is just as rigorous, just as pedagogically sophisticated, and just as selective, and therefore often insist on pricing it equivalently.

For all these reasons, online education has failed to bend the cost curve of university higher education. Of course, in theory a university that significantly increased overall tuition revenue through online programming would be in a position to decrease tuition across the board, for both the online and on-campus versions of the degree. But it is also possible that university administrators would be tempted to use that additional revenue either to cover shortfalls elsewhere in the budget or to pay for programmatic or faculty priorities or new initiatives. Thus, it is unclear whether there will ever be a large-scale correlation between online programs and decreased tuition, and at least part of the reason online tuition cost remains high stems from concern about maintaining the university's brand.

C. The Difficulty of Creating a Worldwide Online Education Brand

One of the great problems of the global higher educational system is that although there are approximately 25,000 universities in the world – with many of them providing an outstanding education to students – the reality is that they serve only a very small percentage of the global population. In theory at least, online education could help address that problem, and one can only imagine how transformative it would be if more people all over the world had access to a high-quality education.

Less idealistically, university administrators see the global population as an untapped revenue source, as well as a way of expanding a university's scope, scale, and influence. A university could try to develop a global brand as a purveyor of distinctive high-quality online education and build that brand among populations that do not, or cannot afford to, attend programs at the university's campus.

However, these dreams of global online education run into several difficult realities. To begin with, there are strong headwinds against online education in much of the world. Foreign corporations may only pay employees to obtain an on-campus degree, foreign governments may only sponsor on-campus students, foreign employers may have biases against online education, and so on. And many prospective students from foreign countries who seek a US degree also want (or their sponsors want them to have) the acculturation that comes from physically spending time on a US campus.

Of course, even if some foreign students demand the on-campus experience, there are undoubtedly others who seek the educational credential but do not need or cannot afford to come to the United States, leaving their jobs or families in the process. For them, online education with a US educational institution might be attractive, but these students then face a second problem: the price of tuition. For many foreign students the cost of US tuition is high, and so the question is whether online degree programs can be offered at a substantial discount. However, for the economic and reputational reasons discussed above, it is not clear that universities can afford to reduce tuition. Thus, the dream of a global brand has so far not been realized. Indeed, fewer than 3 percent of online students in the United States are from abroad, and even online ventures with explicitly global aspirations, such as Penn State World Campus, Touro University Worldwide, University of Arkansas Global Campus, Northern Michigan University Global Campus, and Kansas State University Global Campus, all struggle to draw even 5 percent of their student body from outside the United States.¹⁹

D. Academic Brands Are Local

Perhaps even more surprising than the difficulty universities have had attracting international online students is the fact that most of any given university's online student body actually lives in the immediate geographic vicinity of its physical campus. Indeed, it turns out that university brands are more local and regional than we often realize. This is true even for traditional on-campus admissions at supposedly elite or national universities. For example, although Yale receives applications from all over the country – indeed the world – the students most likely to accept offers of admission and actually matriculate are those who live in the eastern US.²⁰ And paradoxically, that same localized branding extends to online education. Although in theory students could attend an online program at a university based anywhere in the country (or the world), the reality is that students tend to gravitate toward university brands with which they are familiar. Recent data show that

¹⁹ See EAB Global, *supra* note 1, at 31.

²⁰ See Yale Office of Institutional Research Statistics, 1980–81 to 2018–19, <https://perma.cc/M72G-JXBF>.

66 percent of online students live within 50 miles of their institution, and another 12 percent within 100 miles.²¹ In addition, the proportion of students taking exclusively online courses who are located in the same state as the institution at which they are enrolled has increased over time, from 50.3 percent in 2012 to 56.1 percent in 2016.²²

Perhaps this should not be wholly surprising. Universities have often spent decades or even centuries building local knowledge and loyalty through sports teams, apparel, alumni networks, faculty appearances on local news, and so on. All of this contributes to a university having a much stronger brand locally, and that branding seems to carry over to online education. Thus, even though a student searching for an online degree program could choose one offered by a university located across the country, the local school is likely to seem more familiar, more legitimate, and more advantageous from a career networking point of view. Therefore, it may well be more attractive than the one that is distant. In addition, student data suggests that 75 percent of online students travel to campus at least once a year, and 56 percent travel to campus between one and five times a year.²³ More often than not these students come to campus to meet with an instructor, make a payment, meet with a study group, or make use of the library.²⁴ Thus, enrolling locally clearly has advantages for students. The bottom line is that online education does not wholly displace physical geography.

E. *The Promise and Peril of For-Profit Partnerships*

As discussed previously, because of the costs associated with launching online education programs, many universities have sought partnerships with for-profit online program management companies, or OPMs. Building the infrastructure to support both the necessary level of programmatic quality and an effective student recruitment operation requires a significant investment of resources, all without a guarantee in advance that any students will even show up. Not surprisingly, universities have been reluctant to do that. Commercial partners provide expertise, staffing, and financial resources that can help a university launch programs at the requisite quality level.

Many contracts with OPMs are structured as a revenue-sharing partnership. Under this model, the university does not need to invest much money up front to build or market the programs or create the infrastructure for student recruitment or technical or student support. Instead, nearly all upfront, out-of-pocket expenses are borne by the commercial partner. The only costs the university incurs are those

²¹ See EAB Global, *supra* note 1, at 32.

²² See *id.*

²³ See Andrew J. Magda & Carol B. Aslanian, *Online College Students 2018*, at 50, <https://perma.cc/LB77-9S9P>.

²⁴ See *id.*

associated with internal administrative staffing and faculty costs. Accordingly, any downside risk that the program will be unsuccessful is almost entirely incurred by the OPM.

The commercial partner, however, in return for its large upfront investment and willingness to shoulder all the risk, demands a long-term revenue-share arrangement; these contracts generally last from seven to ten years, and OPMs can demand up to 70 percent of revenue. These types of contracts sometimes generate concern because, particularly in the second half of the contract period when the online programs have potentially scaled sufficiently to be profitable, the university could be paying millions of dollars a year to an outside partner. Such an arrangement may prompt a visceral sense that the university is overpaying for functions that it could more cost-effectively fund itself from the gross revenue of the programs. This is certainly true, but of course it does not consider the fact that the partner had to front all the money and take all the *ex ante* risk, saving the university from having to make a substantial investment before any revenue was ever realized.

A second concern with regard to these revenue-share arrangements is that the commercial partner has a financial incentive to scale the programs as large as possible in order to maximize revenue. However, under most revenue-share agreements the university retains complete control over all of the actual admissions decisions. Therefore, the university ultimately determines the scale and sets any admissions criteria, not the partner. On the other hand, if the university consistently thwarts the partner's efforts to scale the programs without sufficient justification, the university may jeopardize the viability of the partnership.

This leads to a third concern, which is that if the university is sharing half or more of its revenue from online programs with a partner, the *university* might feel financial pressure to scale the programs larger than is appropriate, solely because it needs to derive sufficient revenue. Such pressure could lead to unduly loosening admissions criteria or developing online programs so big that they strain the faculty or university infrastructure. In any event, the OPM partnership makes it less likely that universities will reduce tuition prices for online instruction. Therefore, some contend that partnerships with online OPMs effectively drive up the cost of online education.²⁵

On the other hand, in the revenue-share model at least the interests of the university and the commercial partner are aligned in that the partner has a strong incentive to build a successful program in order to recoup its upfront investment. And even aside from the creation of the online program, the student recruitment effort for these programs requires both expenditures and marketing sophistication that are far in excess of typical university capacity. In addition, universities usually find that the increased marketing muscle associated with online recruitment has spillover effects into all areas of university recruitment, thus benefiting the school's

²⁵ See, e.g., Carey, *supra* note 17.

overall brand awareness. As a result, it may be that launching online with an OPM ultimately benefits a university's brand, so long as the university does not suffer reputational harms from the mere fact of the commercial partnership itself.

Finally, as mentioned previously, some might think it is inherently antithetical to the whole idea of a not-for-profit institution of higher learning for the university to undertake a large educational initiative in collaboration with a for-profit commercial partner that is taking half or more of the tuition revenue. Interestingly, this idea derives from a particular sense of the university as somehow immune from the logics of the neoliberal market, and ironically, that sense of the pure university operating separate from the market is actually a core component of its historic brand identity. Thus, even if there are very good reasons to form commercial partnerships with OPMs, universities may find that doing so harms their branding as an institution that supposedly operates at a remove from market capitalism.

F. *Academic Credentialing and the Power of Brands*

To the extent that universities resist launching online education programs, other entities might fill the niche, just as the University of Phoenix once did, and offer credentials at a much lower price. For example, online coding boot camps promise to teach students the basics of programming or cybersecurity and at least in theory provide a credential that employers will value. Likewise, online companies such as Khan Academy have built a strong academic brand for free educational videos, though these videos have little if any interactivity and do not purport to provide a credential in the marketplace.

These sorts of initiatives raise fundamental questions about the power of university academic brands as a kind of quality control gatekeeper and the academic degree as a signaling mechanism to employers in the market. To the extent that the knowledge and skills gained in at least some educational programs are fungible, does it matter whether or not one goes to a high-prestige university? For example, the Bachelor of Science in Nursing (BSN) degree is treated by many employers simply as a credential one either has or does not. These employers do not care where the BSN is awarded. As a result, many students will simply choose the least expensive online BSN degree program they can find, and there is little competition on quality. Thus, if a non-university such as Khan Academy ultimately offered a BSN degree program, perhaps it would be sufficiently valued on the job market that it could be successful.

Nevertheless, for many other degrees, the prestige and academic brand of the credentialing institution still matters. The reputation of the school, its ranking, and its history all are important indicia of quality, and it therefore benefits schools to signal the quality of their online programs through many of the program features described above: on-campus intensives, state-of-the-art technology, white-glove customer service, low student-faculty ratios, and so on.

In the end, however, the actual quality of the online program may not play *any* significant role in the brand value of the program. This is because it may be that a university's reputation in online education programs is entirely derivative of its pre-existing reputation for on-campus education. Thus, a degree through an online program offered by a top-twenty-five university could be inherently more valuable than one offered by a lower-ranked institution, even if the lower-ranked school's online program is better from the point of view of its instructional design or technological sophistication. If that turns out to be true, it would suggest that academic brands are "sticky" and persist even in this new modality. In contrast, it is conceivable that a university that is considered lower tier in traditional on-campus education might invest sufficient resources in online education, through branding, recruitment, and programmatic quality, that it would develop a distinct reputation for online education that is stronger than its more general reputation. Time will tell whether any university is successful in building a distinct online brand in this way. But in any event, the credentialing and signaling power of a university brand remains, and it is not at all clear that pop-up online educational credential purveyors will truly be able to compete effectively at scale.

H. *A Hybrid Online/On-Campus Future*

There is no reason that an educational program or even a particular course needs to be conducted either entirely online or entirely on campus. To the contrary, many on-campus students would prefer to take some courses online, or they would prefer that some materials within a particular course be presented online rather than in a classroom. Imagine a student conducting field research abroad who still wants to take classes back at their home institution and graduate on time; that student will want to take some courses online. Or imagine the on-campus student involved in an externship who would prefer not to have to leave work at 3 p.m. two or three times per week to attend a course lecture in person; or the commuting student who would simply prefer not to have to come to campus every day. Each of these students might want some online elements within their on-campus curriculum.

For professors, creating a hybrid course presents many pedagogical advantages as well. After all, some didactic material is best presented in a prerecorded asynchronous format. As a result, rather than wasting valuable class time on such material, it can be provided to the students asynchronously, and class time can then be used for exploring applications of those core concepts through project-based learning or group discussion. In short, a hybrid format might actually improve the classroom experience for everyone by reserving class time for only those types of educational experiences that are best accomplished through in-class group interaction.

Thus, it is highly likely that students will increasingly demand hybrid approaches to education and that the distinction between online and on campus will blur over

the coming years, as on-campus courses and programs increasingly incorporate online elements. Particularly because universities were forced to become more familiar with online modalities as a result of the coronavirus pandemic of 2020, there may now be an increased willingness on the part of both students and faculty to embrace a hybrid approach. Indeed, most students and faculty have realized that there are aspects of online education that are actually better than their on-campus equivalents, and they are likely to prefer to continue with those elements in the future, even in their on-campus education.

This sort of new hybrid reality may raise one final branding issue. Over time, applicants to a university may well begin to demand a school that offers hybrid online/on-campus education, not only because they want the flexibility, but also because it will signal to them that this is a forward-looking university that cares about its students. After all, applicants to a university five or ten years ago might well have looked to ubiquitous Wi-Fi on campus as a selling point, not only because they wanted wireless access, but also because it signaled that the university was technologically savvy enough and cared about its students enough to have invested in it. Thus, the existence of Wi-Fi was incorporated into applicants' brand perception of the university as a whole. In the 2020s, students may well begin to judge a campus experience in part based on their ability to take at least some courses (or some components of courses) online. As a result, a university stuck in an exclusively on-campus modality may actually suffer from the lack of online options and may be branded as an institution unable or unwilling to innovate.

CONCLUSION

Online education is here to stay. Indeed, in the wake of the coronavirus pandemic of 2020 more universities may find that online education is a pedagogically sound and attractive option for students, especially if universal broadband access becomes a reality and eliminates the economic digital divide that currently exists. New online programs are likely to be launched or expanded, and even universities that do not offer fully online programs are likely to increase hybrid online/on-campus programs or courses in order to accommodate student preferences and organizational imperatives. Thus, online education, though once considered a fringe activity relegated to specific programs serving niche audiences, will become increasingly integrated into the normal activities of universities. And this will be true, I suspect, for universities at all levels of prestige.

On the other hand, online education seems unlikely to completely upend the higher education model altogether. It is unlikely to put large numbers of universities out of business. It is unlikely to significantly alter tuition prices, at least in the near term. It is unlikely to create global mega-universities. And it is unlikely to move large segments of the educational system outside of universities altogether. Thus, though there will be innovations and adjustments, there are unlikely to be large-scale disruptions.

Ultimately, the reason that the university model is sticky and unlikely to be completely changed by online education is precisely the power of academic brands. It turns out that students want to go to known universities and that employers rely on known universities as credentialing and signaling institutions. Universities have been building up local knowledge of their brands and local connections through their alumni and faculty networks for many decades or even longer, and such brand recognition is difficult to dislodge.

For this reason, universities are rightly protective of their brands. And because of their desire to protect those brands, universities have been slow to adopt online education for fear that it will be perceived as less rigorous, thereby diluting the perceived quality of what their brand symbolizes. Yet, as online educational pedagogy and the technology that enables it keep increasing in quality, more and more universities are making forays into this once disparaged form of education, either on their own or with commercial partners. As this transformation occurs, the danger for branding might indeed reverse. Over time, a university that does *not* offer online or hybrid options may suffer damage to its brand, either because it does not have sufficient tuition revenue to invest in new initiatives, or because it has no way to serve student needs, or even because students will come to perceive a university with no online options as insufficiently innovative. In addition, it is possible that universities might be able to develop a distinctive brand identity by offering particularly high (or low) quality online education. As a result, building pedagogically strong online education opportunities is likely to become an increasingly important educational and reputational priority for universities seeking to survive and thrive as viable brands in the twenty-first century.