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***This is the strongest school market and the first with three consecutive quarters of consistent growth that we've seen in many years.***

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## THIRD QUARTER SALES UP +3.8%

### Clear Indication of a Market Turnaround

By Bob Stimolo

Results are in from our third quarter survey of school marketers. Overall third quarter 2015 sales are reported to be up +3.8% from last year. This follows a first quarter that was reported up +4 % and a second quarter that was reported to be up +3.4%. This is the strongest school market and the first with three consecutive quarters of consistent growth that we've seen in many years.

School marketers forecast Q4 sales will be up a solid 5.4% over last year. Respondents are consistent about the future forecasting that FY2015 sales will be up by +4.8%.

School supply companies, school furniture companies and educational publishers comprised the majority of industries partaking in the survey. More than three quarters (79%) of the respondents were Presidents, Owners, General Managers, VPs or Directors of Marketing for their firms.

The overall report for sales in the third quarter of 2015 was an increase in sales of +3.8 % compared to Q3 2014. More than half (55%) of the respondents reported sales increases in the second quarter of 2015 with an average increase of +12%. Twenty-seven percent reported no change or flat sales. Eighteen percent reported sales decreases averaging -15% compared

to the third quarter of 2014. More than half (55%) of school marketers cited the overall economy as the main reason for sales performance.

Almost two-thirds (64%) of the respondents say they plan no change to their promotion and advertising budgets in response to current economic conditions.

The overall forecast for sales in the fourth quarter of 2015 is an increase in sales of +5.4 percent compared to Q4 2014. More than half (54%) of the respondents project sales increases in the fourth quarter of 2015. They predict an average increase of +11%. More than one-third (36%) expect no change or flat sales. Just 11% anticipate sales decreases averaging -7% compared to the fourth quarter of 2014.

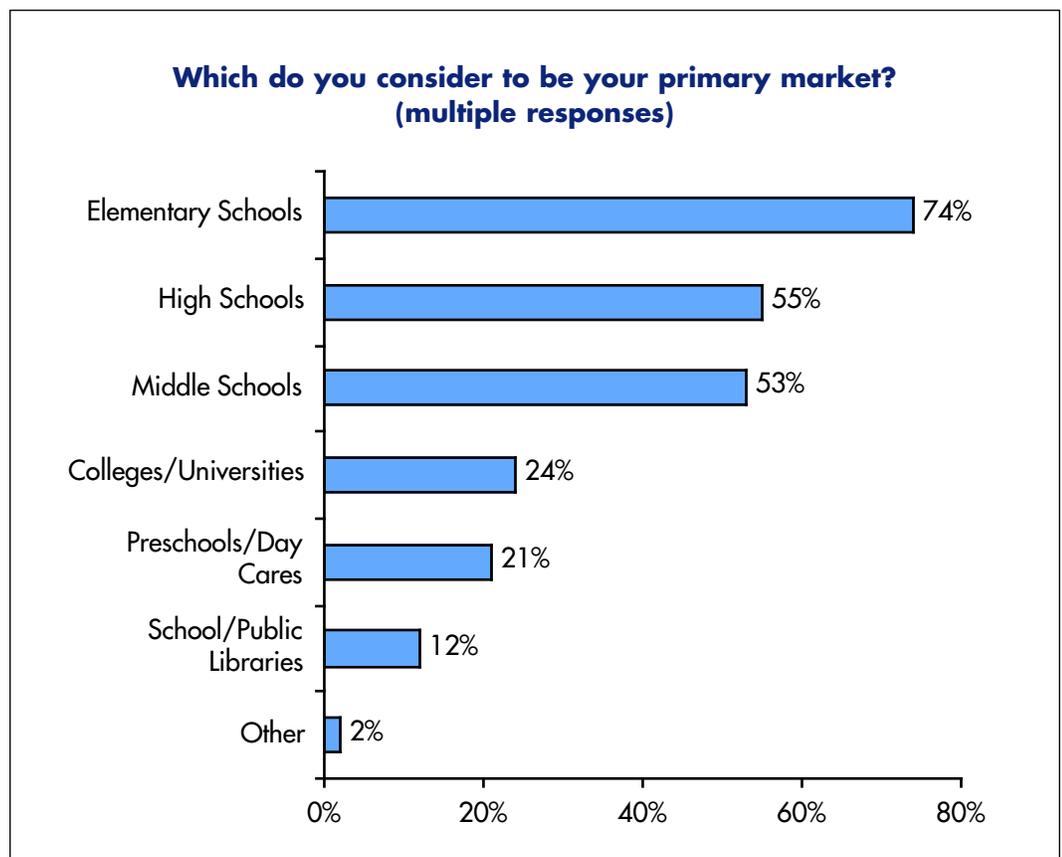
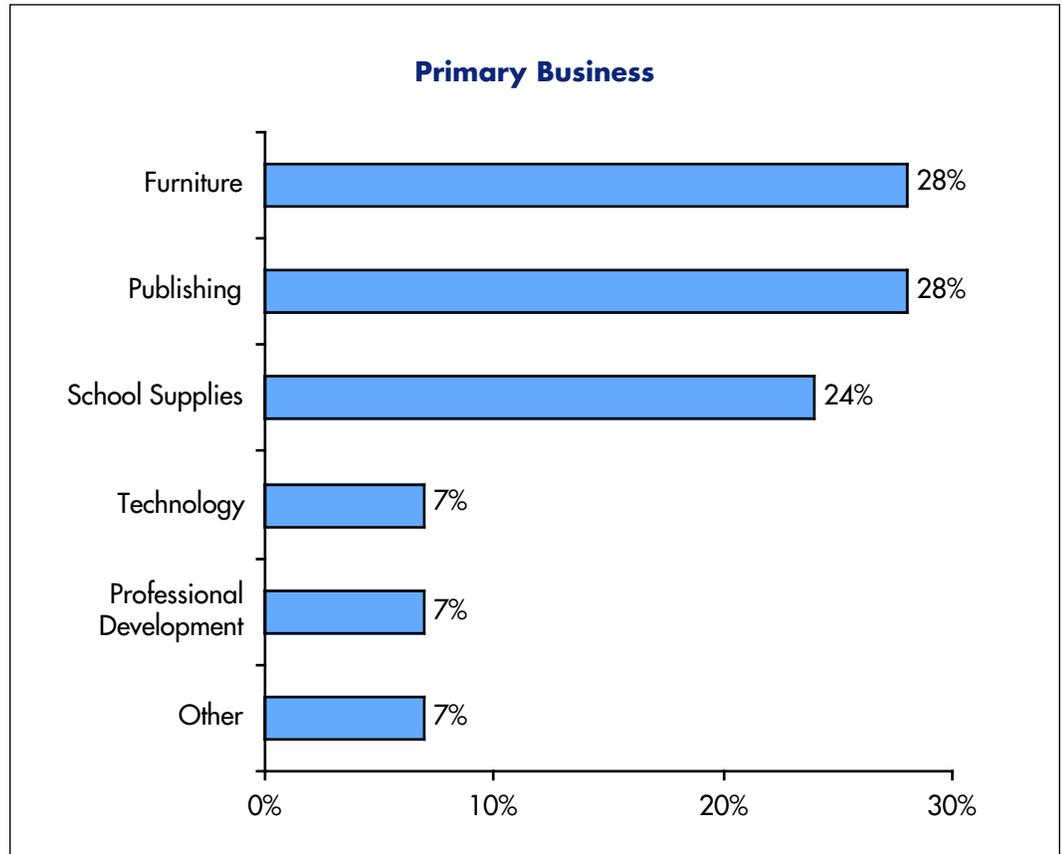
The forecast for FY2015 sales is an increase in sales of +5% compared to FY 2014. Almost three-quarters (71%) of the respondents project FY 2015 sales to increase by an average of 11%. Twenty-one percent expect no change or flat sales. Only 16% of the respondents anticipate sales decreases averaging -12% for FY 2015.

More than half (52%) of survey respondents expect to see a no change in economic conditions before the end of fiscal 2015 (12/31/15).



**Furniture and publishing companies both make up 28% of the survey participants.**

**Survey participants are concentrated in the K-12 market.**

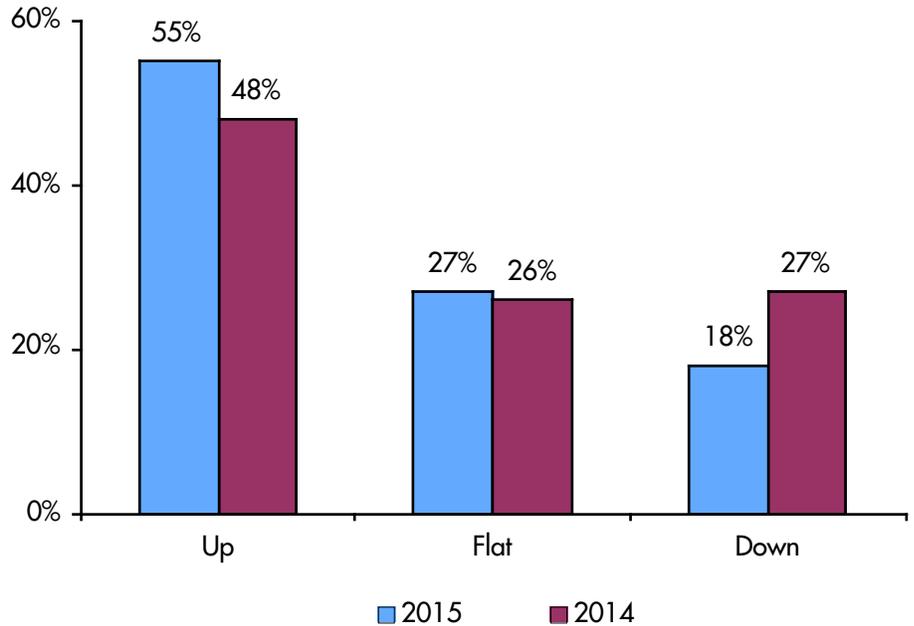




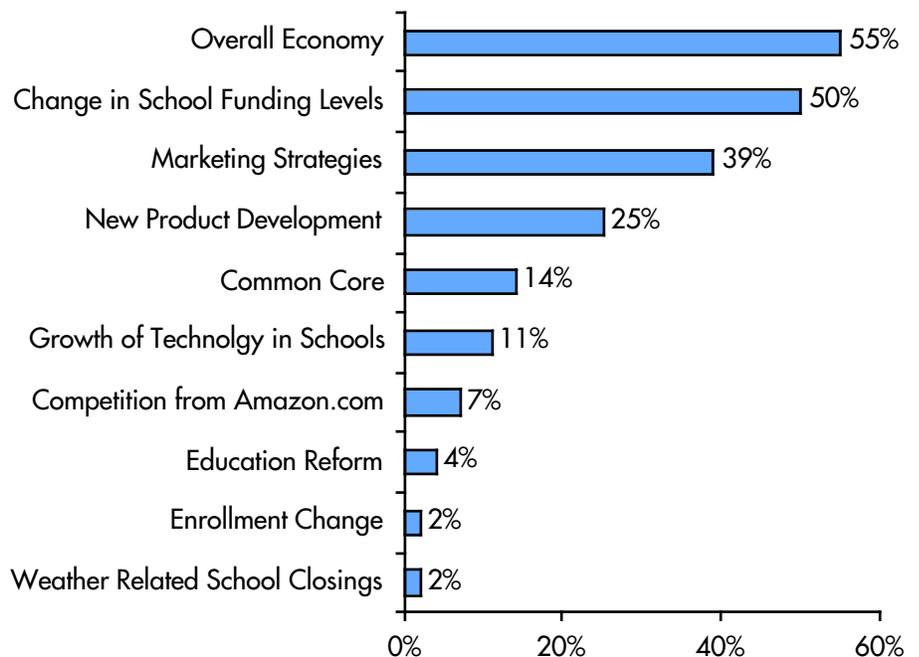
**The overall report for sales in the third quarter of 2015 was an increase in sales of +3.8% compared to Q3 2014.**

**More than half of respondents cited the economy as the main reason for Q3 2015 sales performance.**

**Relative to last year, would you say that your third quarter (July 1st through September 30th) school market sales are:**



**To what reason(s) do you attribute this performance? (multiple responses)**

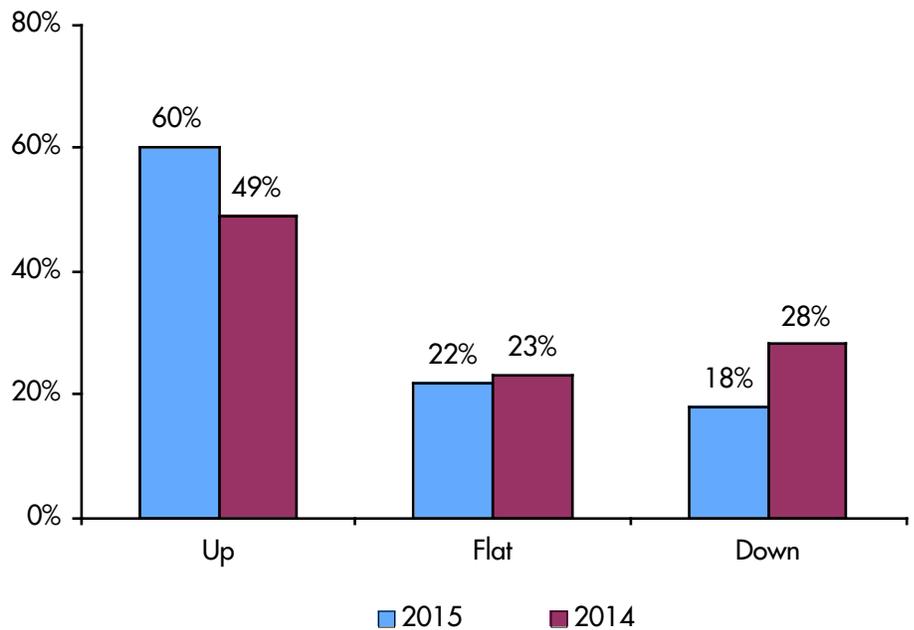




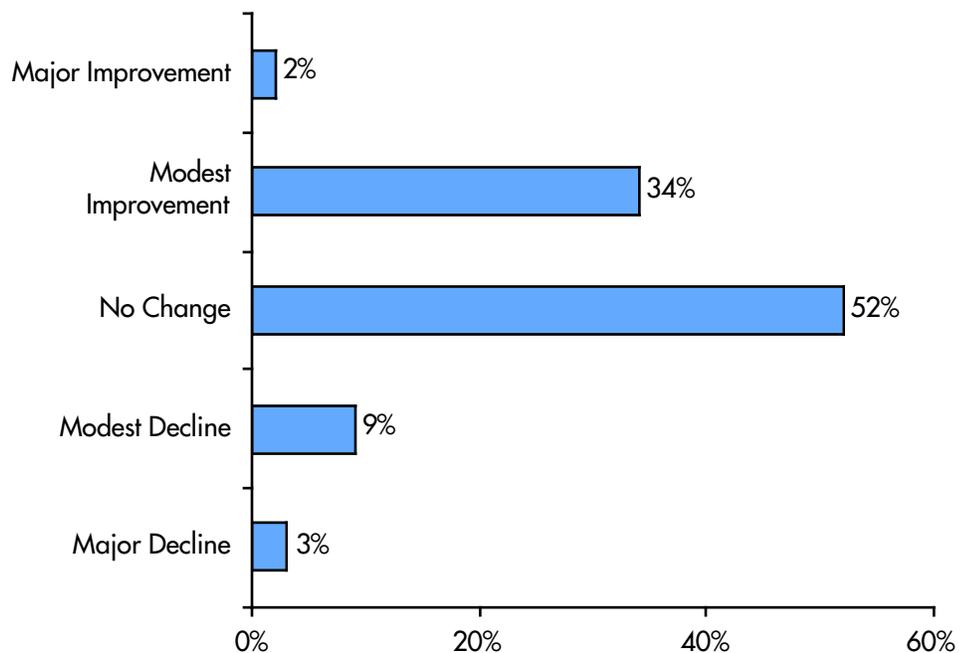
**Overall third quarter year-to-date sales were reported to be up an average of +5.2%.**

**More than half of survey respondents expect to see an improvement in economic conditions before the end of fiscal 2015.**

**Relative to last year, would you say that your third quarter year-to-date school market sales are:**



**Do you expect economic conditions to improve before the end of fiscal 2015 (12/31/15)?**

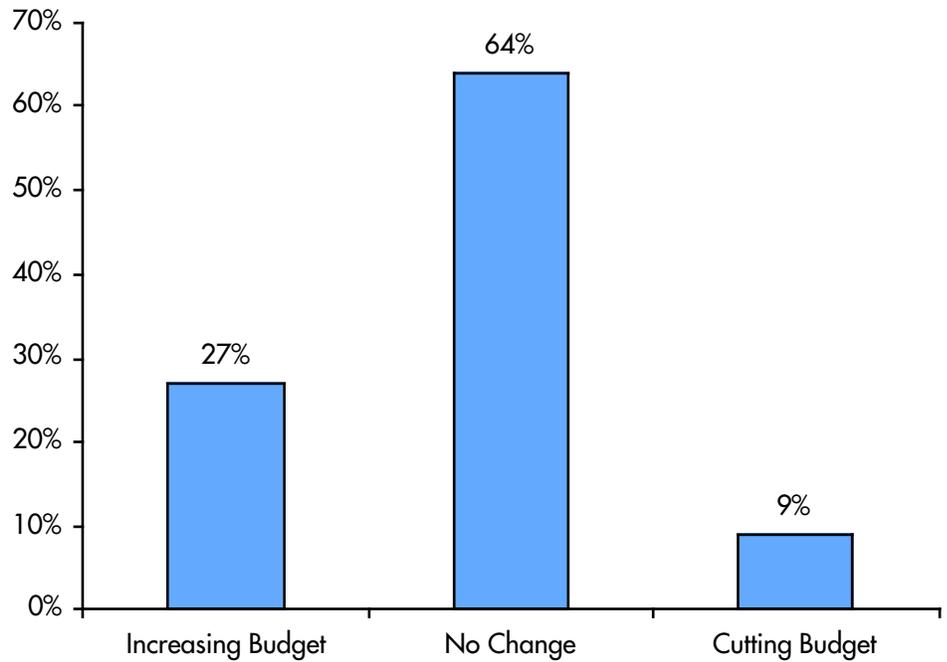




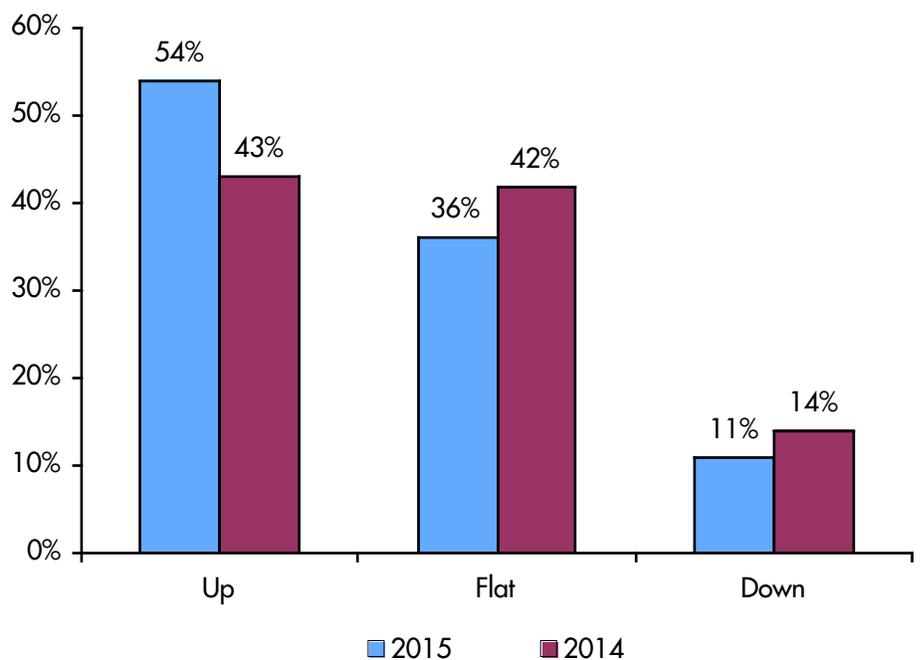
**Sixty-four percent of the respondents say they plan no change in their promotion and advertising budgets in response to economic conditions.**

**The overall forecast for sales in the fourth quarter of 2015 is an increase in sales of +5.4% compared to Q4 2014.**

**Are you changing your promotion and advertising budget in response to current economic conditions?**



**Relative to the fourth quarter of 2014, what are you forecasting for the fourth quarter of 2015 (October 1st through December 31st)?**

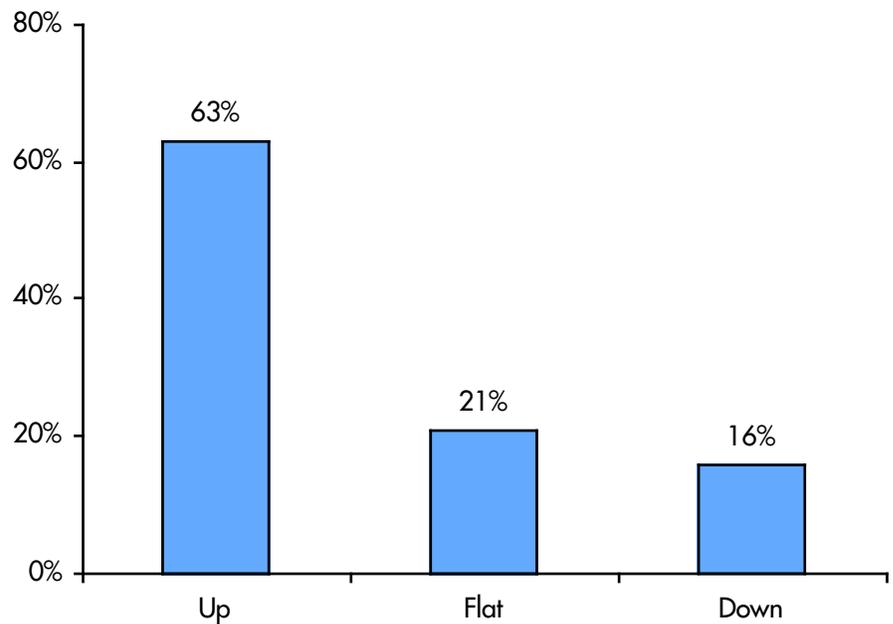




**The forecast for FY2015 is an increase in sales of +4.8%.**

**The survey indicates a growing sense of frustration in an atmosphere of tight budgets and limited financial support.**

**Relative to full year 2014 school market sales, what are you forecasting for full year 2015?**



## SURVEY FINDS GROWING ANXIETY OVER TECHNOLOGY IN EDUCATION

### ***Educators Remain Optimistic About the Future***

Houghton Mifflin Harcourt released the first of what promises to be an annual survey entitled the HMH Educator Confidence Report. This survey of more than 1,000 classroom teachers, school administrators and district administrators from across the nation, suggests that the teaching profession in the United States is at a critical juncture.

On one hand, the results show that educators are optimistic about using new technology tools to find better and more creative ways to teach students, perform differentiated instruction, and meet ambitious new academic standards. The survey suggests that the vast majority (97%) is using some form

of digital technology in the classroom, and many are already experiencing benefits in their classrooms, including increasing student engagement and achievement.

On the other hand, the survey indicates a growing sense of anxiety and frustration among educators when it comes to the challenges of meeting new academic standards in an atmosphere of tight budgets and limited financial support for professional development and new teaching tools. Educators are feeling strapped for time and resources, and are worried about the implications of new teacher accountability requirements.



**Many teachers feel that policy makers overlook the common obstacles that teachers face.**

**More than half surveyed said they were feeling more negative about the teaching profession.**

### How often do students in your classroom do the following?

|   | Daily, Often | Sometimes, Rarely, Never |
|---|--------------|--------------------------|
| Use laptop/desktop to do classwork            | 41%          | 59%                      |
| Use tablet to do classwork                    | 22%          | 78%                      |
| Watch videos                                  | 25%          | 75%                      |
| Turn in assignment online                     | 18%          | 82%                      |
| Take assessment online                        | 13%          | 87%                      |
| Participate in small group instruction online | 10%          | 90%                      |
| Engage with teacher online for learning       | 18%          | 82%                      |
| Engage with student online for learning       | 15%          | 85%                      |

Source: 2015 HMH Educator Confidence Report

### Teachers Feel More Negative About Their Profession

Anecdotal evidence from open-ended questions on the survey suggests that many teachers feel that policy makers overlook the common obstacles that teachers face on a day-to-day basis. More than half of the educators surveyed said they were feeling more negative about the teaching profession today than they did five years ago.

The online survey of 1,008 educators included respondents from all 50 states, and contained roughly equal representation from the East, West, South and Midwest. Of the respondents, 82% were classroom teachers and 18% were administrators. The administrative group included school principals, superintendents, curriculum heads and chief technology and chief information officers (CTOs/CIOs).

The independent survey was conducted by the market research agency MDR on behalf of HMH and included educators with a wide

range of experience in the field (from less than one year to more than 20 years). It was answered by roughly equal numbers from the Grade K-2, 3-5, and 6-8 levels (about 300 respondents from each category) and a slightly higher number of high school educators (about 400). Math, science, social studies, English language arts and literacy teachers were represented in approximately equal numbers.

To view the complete survey results go to [learn.hmhco.com/ecr2015](http://learn.hmhco.com/ecr2015).

### Educators spend up to \$500 on their own each year to buy:

83% School supplies such as paper, pens, notebooks

64% Food and snacks for students

46% Instructional materials

37% Supplemental digital content

Source: 2015 HMH Educator Confidence Report



**The new normal for K-12 schools and districts is continual change.**

**Chromebooks “made up almost half of the 3.9 million devices shipped to U.S. schools from April through June 2015”.**

## THE STATE OF EDUCATION TECHNOLOGY

### **Most Districts are Somewhere Between Traditional and Totally Digital**

By Annie Teich, Ed Market Consultant

Practically every district is implementing new technology of one sort or another. Some of it is teacher-student facing and some of it is network infrastructure or new software that achieves operational efficiencies. The new normal for K-12 schools and districts is continual change, and we can see that across the country. Here is a round-up of tech topics that will affect schools and districts throughout the 2015-2016 year.

#### **Devices**

It is all about the Chromebooks. As edtech tools increasingly move to the cloud, Chromebooks “made up almost half of the 3.9 million devices shipped to U.S. schools from April through June 2015,” according to Futuresource Consulting. 1.9 million Chromebooks shipped to be precise. Also, Dell is overtaking Acer as the lead supplier of Chromebooks. Tablet shipments are still dominated by iPads with 1.1 million shipped during the same window of time. 880,000 Macbooks and Windows laptops also shipped during this period. Chromebooks and the Google Apps for Education (GAPE) are becoming the “go-to” combination in many districts. Some districts choose based on cost as Chromebooks’ low prices allow purchase of more devices, but the quantity and ease of Google apps makes this a compelling option.

#### **E-Rate**

Funds for Learning, the nation’s leading E-Rate consulting firm, just released a survey of E-Rate applicants conducted in June 2015 after the first round of funding requests since the E-Rate program was

updated last year. Here are some of their findings:

Applicants represented: 53,727,951 students in 116,132 school buildings and 1,578 public libraries

65% of applicants describe Wi-Fi as an absolute requirement but most Wi-Fi networks are at least 3 years old

Applicants indicated that the FY2015 application process took longer and was more complex than the previous funding year

86% of applicants expressed concern about phasing out phone services

An estimated \$4.9 billion in Category 2 budgets remains available for use in FY 2016 through FY 2019

2/3 of applicants feel the current Category 2 cap is insufficient

Network switches and routers were the most sought after Category 2 discounts representing 41% of the overall Category 2 demand. Because of the complexity of the updates, there was confusion about the changes themselves and their impact – increasing the value that organizations like Funds for Learning create for their school and library clients. E-Rate is definitely worth the time to figure out, as there are billions of dollars available to help subsidize high-speed bandwidth.

#### **Changing Roles**

“The CIO role has grown from supporting services to enabling learning,” says Eileen



***IT departments now include someone from Curriculum and Instruction.***

***Eighty-two percent of school districts do not have strategies to address off-campus access.***

Lento, Intel's Education Director of Strategy and Marketing. "There needs to be innovations on the back end from server to storage. All of the edge devices on the front end need to exist within a secured fabric." Expansion of the stakeholder community now includes students, parents, school boards, teachers, administration and IT beginning with the focus on a vision for student success and improved student outcomes. A new trend is that IT departments now include someone from Curriculum and Instruction as part of their planning team.

No matter how much we try to focus on the substantive issues in edtech, many of us suffer from Shiny Object Syndrome. We are distracted by new apps, games, and gadgets. This year, leading shiny objects include robotics, maker spaces, and wearable technology. We can expect to hear a lot more about all of these during the school year. In addition, the Internet of Things (IoT) will become more apparent as our gadgets and devices get more connected, generate more data, and are programmed to act independently of us. House and school security systems that automatically calibrate power usage based on time of day are examples of how this works in real life.

### ***Networks and Cloud Computing***

Robust infrastructure and cloud-based technology go hand in hand in districts. In fact, cost savings achieved through moving software/hardware functionality and storage to the cloud are often used to invest in a more robust infrastructure that can support 1:1 computing.

### ***Digital Equity***

Digital equity is a significant challenge for public schools. As more and more schools implement 1:1, there is a greater awareness of those students who do not have Internet access at home. According to CoSN, only a handful of school systems offer off-campus

Internet connectivity through free or subsidized home access for low-income students. Eighty-two percent of school district technology leaders report that they do not have strategies to address off-campus access. (CoSN).

This is not just a school issue but also a public issue. A new analysis by Pew Research projects that 5 million U.S. households with school-age children do not have high-speed Internet service. Fifty-three percent of teachers report students lack access to Internet at home. (digEdu) If we expect students to graduate from high school college and career ready, then schools, communities, and businesses should make Wi-Fi hotspots available for students. Keith Krueger, CEO of CoSN, has just begun a thoughtful blog series on creating digital equity in schools. This topic will continue to rise in importance as more mobile devices are put into student hands.

### ***State of Broadband***

This is a related issue to digital equity, but it begins with the districts that do not currently have adequate access to broadband to support digital learning initiatives in their schools. At the current rate of upgrades, it would take until 2021 for all schools to meet the current goals. By 2021, however, schools' needs are likely to be 10 times as great. We often assume that every school building is adequately connected and that is simply not true. 43% of teachers report insufficient bandwidth. (CoSN)

Some of the national initiatives to provide funds for additional connections include the E-Rate update and additional \$5 billion of funding spread over the next few years as well as the president's ConnectEd public/private partnership that is providing \$10 billion in total and in-kind commitments to provide better access to broadband. Even states are getting into the action. In August 2015, California made an additional \$50 million in grants available to state schools for



**“Forty-three percent of teachers report insufficient bandwidth.”**  
CoSN

**John is a major contributor to the highly competitive education list industry that we all enjoy today.**

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**Most Critical Unmet Needs for K-12**

Continuous access to adequate bandwidth

Access to level of technology resources common to other professionals

Access to technology training common to other professionals

Source: SIIA Vision K-20 Survey

broadband access. This followed a previous round of grants for \$27 million.

And at the national level, the Digital Learning Equity Act of 2015 was introduced in the Senate in June 2015 by senators from Maine and West Virginia, where high-speed bandwidth is not always available or is prohibitively expensive for rural schools. Since nearly one-third of low-income households with school-age children lack a high-speed Internet connection, this issue disproportionately impacts minority students as well as those in rural states. This legislation is focused on providing broadband access to rural, high-need schools and underserved students.

**JOHN HOOD TO RETIRE DECEMBER 31****Major Pioneer in Education Market Data**

MCH Strategic Data has announced that John Hood is planning to retire at the end of this year, after 18 years as president.

John began his career in 1964 as a buyer for Baker & Taylor in Hillside N.J. He joined Market Data Retrieval (MDR) in 1981. During his tenure there, John became vice president and general manager and promoted the MDR series of marketing seminars held in major cities across the country. At the time, these seminars represented the only training available on the subject of PK-12 marketing.

Some districts have completed the transition to 100% digital learning initiatives, but most districts are somewhere between traditional and totally digital. Stay tuned in the coming months as we keep you updated on the issues, trends, and outcomes of creating digital learning environments for students who will participate in a global economy.

*Annie Galvin-Teich is an independent writer, researcher, and education marketing consultant with more than 25 years of K-12 experience. She is also a regular guest blogger for MCH Strategic Data. Find more of Annie's posts at [mchdata.com](http://mchdata.com).*

From MDR he went to CMGI where he established a PK-12 database. For the first time in the history of education marketing there was more than one source of education data and lists. In 1997, John joined MCH as president and greatly expanded their education data, postal and email lists, and other database services.

John is in many ways a major contributor to the highly competitive education list industry that we all enjoy today. John retires on December 31. You can email John your best wishes at [mchdata.com](http://mchdata.com) under blog posts.