

APPLICATION TRENDS SURVEY 2003

**CONDUCTED BY
GRADUATE MANAGEMENT ADMISSION COUNCIL[®]**

**IN CONJUNCTION WITH
EXECUTIVE MBA COUNCIL**

July 11, 2003

Dear Business School Professional:

What a difference a year makes! At this time last year, results for the majority of schools participating in GMAC's Application Trends Survey indicated increased—and in some cases significantly increased—application volume. This year, the results are mixed. A clear majority of schools in our survey are reporting decreases in application volume. Because there is no single explanation for the results this year, we've expanded the report to include detailed information for different types of programs and schools, international applications, women, and more.

The report will provide solid context for discussions you will undoubtedly have within your institution about the year's results. The background information provides broader insight on how demographics, consumer behavior, economic and geopolitical factors all affect graduate management education.

I want to thank the 289 program contacts who took the time to complete the survey. Without you, this report would not have been possible. I think that you will find the results useful both in the short and long term.



David A. Wilson
President and Chief Executive Officer

Application Trends Survey 2003

In June 2003, the Graduate Management Admission Council® (GMAC®) conducted an Application Trends Survey online. In conjunction with the Executive MBA Council, GMAC invited 550 graduate business school programs via e-mail to participate, and 289 programs completed the survey.

The survey tracks the percent increase in the number of applicants seeking enrollment in the 2003–04 school year, compared with the number who sought enrollment in the 2002–03 school year. The survey also asked questions regarding—

- changes in female and international application volume
- yield estimates
- special outreach
- Web-based applications
- undergraduate admittance trends

According to GMAC's 2002 customer service feedback survey, business schools have used the survey results to—

- better understand the market (62%)
- benchmark against other schools (59%)
- develop strategies (49%)
- share results (38%)
- benchmark goals internally (21%)
- justify resources (19%)

Trends by program type are made public via www.gmac.com/surveys. Participating schools receive a report via e-mail that includes trend analysis by:

- school size and type
- school geographic regions
- school competitiveness

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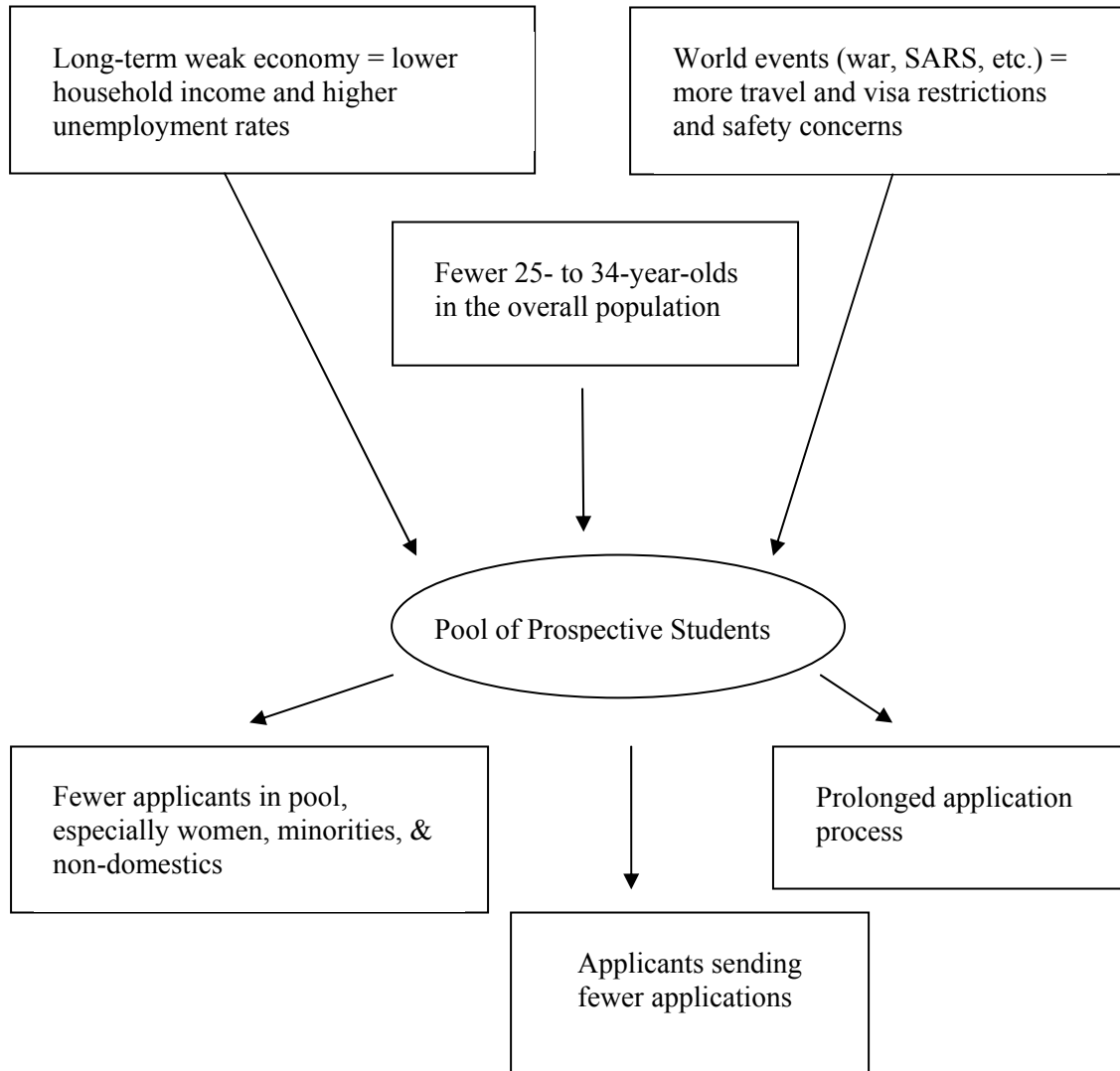
Application Trends Survey 2003

FACTORS AFFECTING APPLICATION VOLUME

Approximately one-third of the Executive MBA (EMBA) and full- and part-time graduate business school programs surveyed reported an increase in the number of applications received in their 2002–03 application cycle, compared with their 2001–02 application cycle. This increase is significantly lower than the increases reported over the past three years, even taking into account the unusually high number of applications that schools received last year.

This survey's year-to-year look at the data illuminates what is impacting the market and how those trends are affecting behavior. Contributing to a decline in the actual number of applicants, a decline in the number of applications sent to schools per applicant, and the necessity for a prolonged application process are the following:

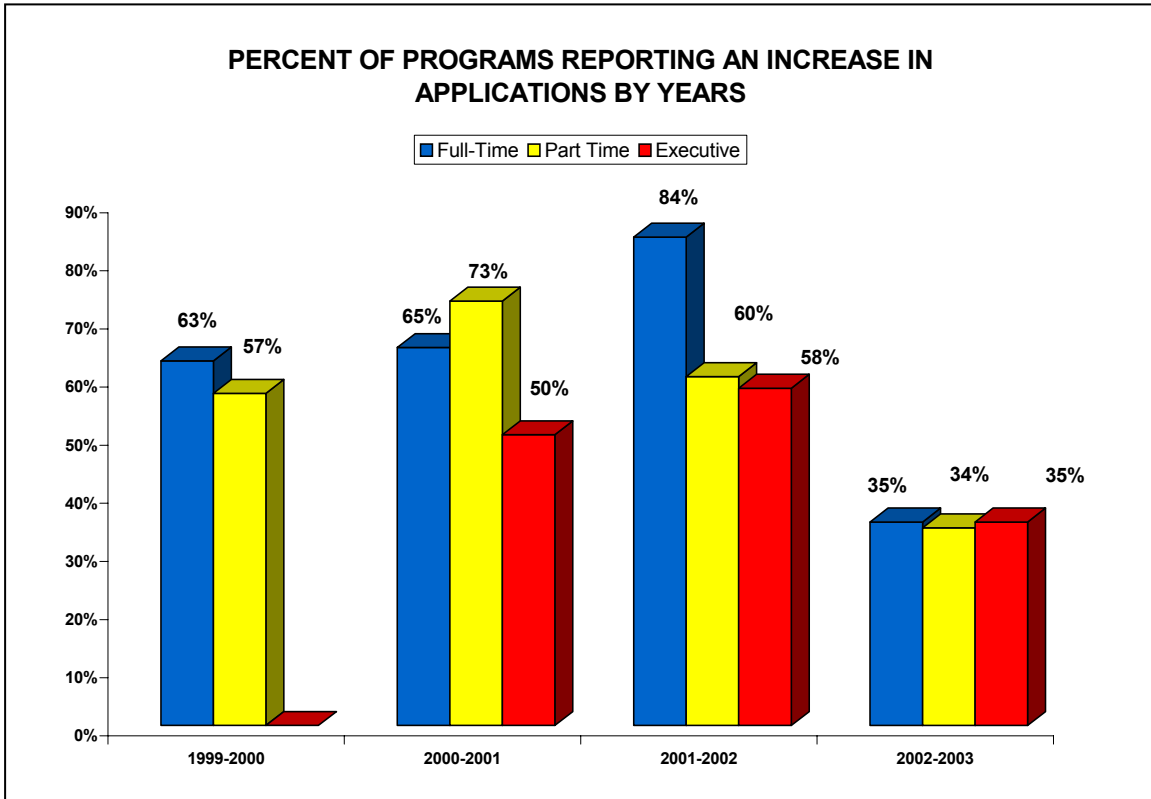
- A weak economy has impacted household income and unemployment rates.
- Fewer 25- to 34-year-olds in the overall population has affected the number of prospective applicants.
- Worldwide political and health issues have impacted accessibility for prospective students seeking to attend school outside their country of citizenship.



Application Trends Survey 2003

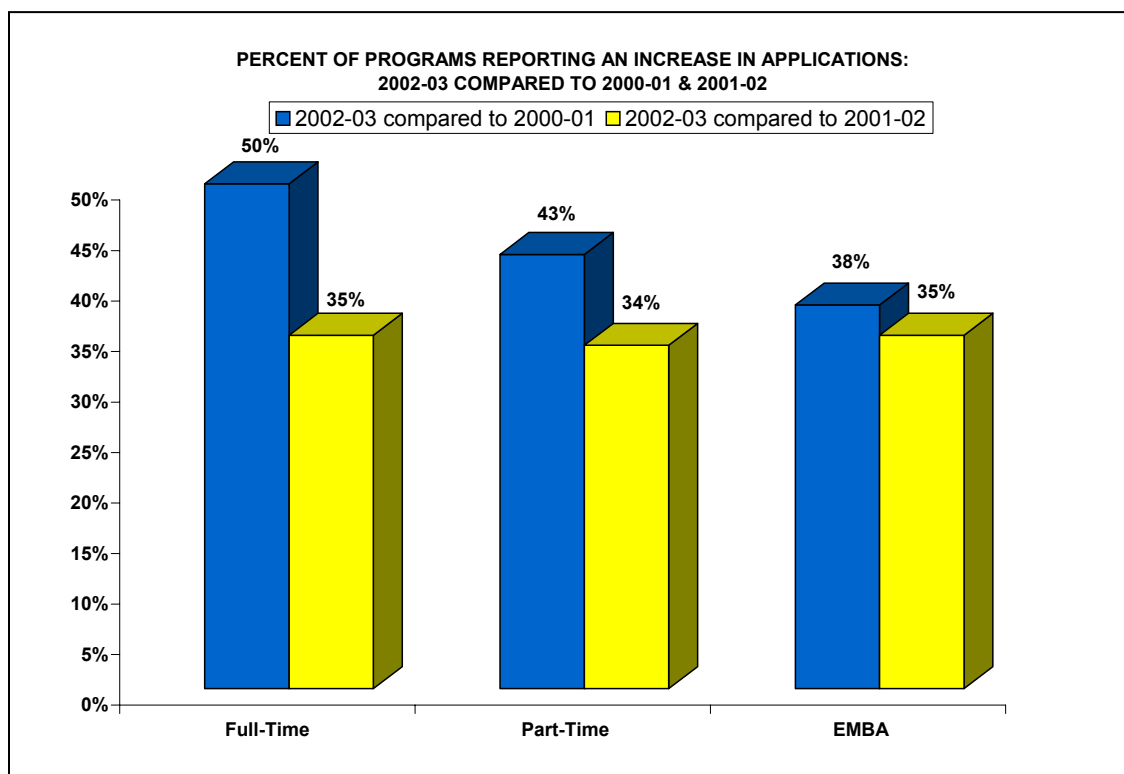
UNUSUALLY HIGH VOLUME IN 2001-02

In 2002, a record number of full-time programs reported increases in applications. When schools compare this year's numbers with last year's, the result is a record decrease. The following charts show year-to-year comparisons of the percentage of schools reporting an increase in their applications.



To get a better and more realistic comparison of trends in application volume, GMAC asked schools to compare the number of applications they received during their 2002–03 application cycle with their 2000–01 application cycle. The results still show a decrease in applications for all program types, but not as dramatic a decrease. The following chart shows this comparison.

Application Trends Survey 2003



The following sections discuss the factors that have impacted the number of applicants in the candidate pool, the number of applications these candidates are sending out, and the extension of the planning and applying process.

A WEAK ECONOMY AND ITS IMPACT ON APPLICANT BEHAVIOR

Effects of Diminished Household Income and the Unemployment Rate

The U.S. Department of Education has built a higher education enrollment model to project future enrollment. (Even though this is a U.S. model, the elements are applicable to most countries.) The key economic factors of the model are household income, which represents ability to pay, and an *age-specific* unemployment rate, which acts as a proxy for opportunity costs faced by students. In a weak economy, household income declines and the unemployment rate increases. In the short term, a weak economy has a positive impact on higher education enrollment because prospective students face less attractive career alternatives, as evidenced in 2002. However, in the long term, the effect of diminished household income overtakes the effects of the unemployment rate and increases opportunity costs.

In other words, when faced with a weak economy, prospective students will initially believe that going back to school is a better alternative than job hunting in a tight market. But during an extended weak economy, prospective students are less able (or willing) to pay for school because of salary freezes, depleted savings, and company sponsorship cutbacks. They are less likely to forgo the security of steady income.

Application Trends Survey 2003

From 2000 to 2002 alone, the household income of those under 35-years-old dropped 14 percent—the biggest decline of any age group, according to the Federal Reserve's Survey of Consumer Finances.

Effects on Applicant Behavior

The first groups to be affected in a weak economy would be those who typically have a lower household income to begin with—females, U.S. minorities, and international candidates from certain countries. In addition to reducing the actual number of candidates who believed that going back to school was a viable option, diminished household income and market uncertainty alters the behavior of those choosing to apply. The financial cost of a school will become a more important school selection criteria, which means these groups would be more likely to apply to part-time or EMBA programs to remain employed and to public or less expensive schools to avoid high tuition fees and debt. The following chart shows this tendency for women.

How does the number of full-time program applications received in 2002–03—				
for female applicants compare to 2001–02? (Collapsed)	Up	26%		
	Flat	32%		
	Down	42%		
Total		100%		
How does the number of part-time program applications received in 2002–03—				
for female applicants compare to 2001–02? (Collapsed)	Up	36%		
	Flat	46%		
	Down	18%		
Total		100%		
How does the number of EMBA program applications received in 2002–03—				
for female applicants compare to 2001–02? (Collapsed)	Up	39%		
	Flat	30%		
	Down	31%		
Total		100%		
What is the change (by school type) in full-time applications received in 2002–03—		Private	Public	
for female applicants compared with 2001–02? (Collapsed)	Up	20%	32%	
	Flat	37%	28%	
	Down	43%	40%	
Total		100%	100%	
What is the change (by school competitiveness) in full-time applications received in 2002–03—		Top 30	Next 30	All Others
for female applicants compared with 2001–02? (Collapsed)	Up	11%	23%	36%
	Flat	33%	32%	32%
	Down	56%	45%	32%
Total		100%	100%	100%

A weak economy not only affects where candidates apply, but also it affects the number of schools that candidates are willing to apply to. Candidates narrow their school selection criteria. For example, candidates applying during the 2002–03 application cycle

Application Trends Survey 2003

were significantly more likely to apply to one school, whereas candidates applying during the 2001–02 application cycle were significantly more likely to apply to two or three schools.

The table below shows how many schools that attendees had already applied to at the time they attended the MBA Forums® (October/November 2002).

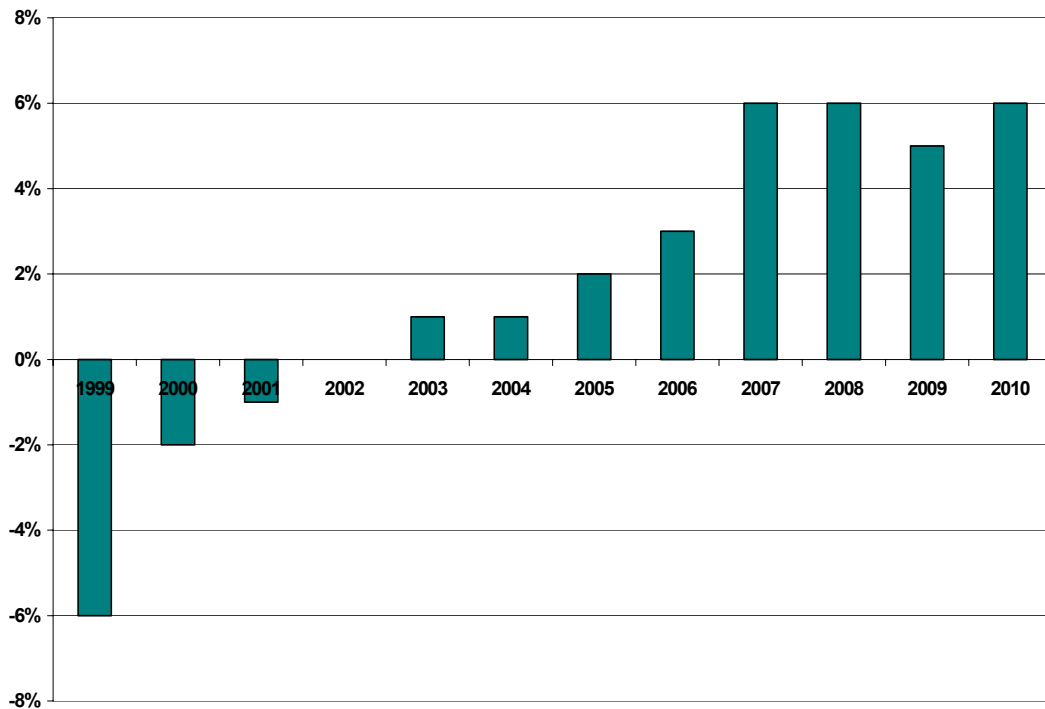
Number of Schools	2001–02	2002–03
1	30%	43%
2	22%	15%
3	17%	11%
4 or more	31%	31%

If applicants were accepted by their first choice school (assuming they applied to their preferred schools), they might have forgone any additional applications, also resulting in lower total applications for the 2002–03 application cycle.

DIMINISHING POPULATION

The typical age range of students in graduate business school is 25- to 34-years. As the following charts show, the overall graduate enrollment in the United States for this age range is negative to flat from 1999 to 2004 before starting to increase in 2005 (U.S. Department of Education).

PERCENT CHANGE IN ENROLLMENT: AGE RANGE 25 TO 34



Application Trends Survey 2003

The increase in 2005 and the surge in 2007 are partially due to the increase in population for this age group. The following table shows the percent growth rate for various world regions. Western Europe will experience the most difficulty in the future in terms of the size of their potential market and will need to continue their efforts to reach out to the worldwide community (source: Population Reference Bureau).

Population Growth Rate in World Regions By Age Group				
Asia (excluding Near East)	1990—1995	1995—2000	2000—2005	2005—2010
15—19	45.5%	9.6%	9.3%	-5.4%
20—24	46.1%	1.4%	7.0%	9.5%
25—29	75.1%	0.5%	-2.4%	7.2%
30—34	100.8%	0.4%	3.1%	-2.3%
35—39	80.5%	0.3%	14.8%	3.3%
25—34	86.8%	0.5%	0.3%	2.4%
Western Europe	1990—1995	1995—2000	2000—2005	2005—2010
15—19	228.7%	-1.6%	-1.1%	-2.6%
20—24	259.3%	-8.7%	-3.1%	-1.0%
25—29	299.8%	-8.1%	-9.7%	-3.0%
30—34	314.4%	0.7%	-8.9%	-9.5%
35—39	280.3%	11.4%	-0.3%	-8.8%
25—34	307.0%	-3.7%	-9.3%	-6.4%
Eastern Europe	1990—1995	1995—2000	2000—2005	2005—2010
15—19	150.5%	-6.0%	-6.9%	-15.3%
20—24	167.7%	7.6%	-6.0%	-7.0%
25—29	134.6%	9.1%	7.7%	-6.1%
30—34	88.2%	3.5%	9.2%	7.7%
35—39	113.2%	-13.3%	3.5%	9.3%
25—34	109.4%	6.3%	8.4%	0.5%
North America	1990—1995	1995—2000	2000—2005	2005—2010
15—19	13.4%	9.0%	5.3%	3.3%
20—24	4.2%	2.8%	8.5%	4.7%
25—29	-0.7%	-5.4%	2.6%	7.9%
30—34	11.7%	-10.5%	-5.0%	2.2%
35—39	24.5%	0.6%	-10.0%	-5.0%
25—34	5.6%	-8.1%	-1.4%	5.0%

* Population Reference Bureau

Application Trends Survey 2003

HEALTH ISSUES AND POLITICAL TURMOIL

The effect of the war in Iraq, SARS, and political changes in leadership in certain countries has impacted individuals on a psychological level (safety concerns) and in tangible ways (travel and visa restrictions). As a result, individuals are applying to programs in different regions than last year. The following table shows the number of schools indicating an increase or decrease in applications from a specific country.

Countries showing the greatest increase in applicants in 2002–03.			Countries showing the greatest decline in applicants in 2002–03.		
Country	Count	Percent	Country	Count	Percent
India	37	19%	People's Republic of China	27	20%
People's Republic of China	30	16%	India	15	11%
South Korea	17	9%	United Kingdom	8	6%
Taiwan	15	8%	South Korea	8	6%
Japan	10	5%	Japan	8	6%
Germany	7	4%	Taiwan	6	5%
United States	5	3%	Turkey	5	4%
Canada	5	3%	Thailand	5	4%
Turkey	4	2%	Argentina	5	4%
Thailand	4	2%	Venezuela	3	2%
Israel	4	2%	United States	3	2%
Bulgaria	4	2%	Mexico	3	2%
Mexico	3	2%	Germany	3	2%
Brazil	3	2%	France	3	2%
Other (1% each)	42	30%	Russia	2	2%
	190	100%	Philippines	2	2%
			Morocco	2	2%
			Malaysia	2	2%
			Indonesia	2	2%
			Columbia	2	2%
			Canada	2	2%
			Brazil	2	2%
			Other (1% each)	15	15%
				133	100%

APPLICATION TRENDS SURVEY 2003

Findings for Full-Time Programs

TRENDS IN APPLICATION VOLUME

Overall Trends

GMAC asked business programs to compare the number of full-time program applications they received in their 2002–03 application cycle with the number of applications they received in their 2001–02 cycle. Because the majority of schools experienced an unexpectedly high number of applications in 2001–02, schools were also asked to compare their 2002–03 application numbers with their 2000–01 numbers.

How does the number of full-time program applications received in 2002–03–		
compare with those received in 2001–02?	Up Significantly (21%+)	8%
	Up Moderately (11%–20%)	10%
	Up Slightly (10%–1%)	17%
	Flat (No change)	12%
	Down Slightly (10%–1%)	13%
	Down Moderately (11%–20%)	21%
	Down Significantly (21%+)	19%
Total		100%
compare with 2001–02? (Collapsed)	Up	35%
	Flat	12%
	Down	53%
Total		100%
compare with those received in 2000–01?	Up Significantly (21%+)	18%
	Up Moderately (11%–20%)	13%
	Up Slightly (10%–1%)	20%
	Flat (No change)	9%
	Down Slightly (10%–1%)	18%
	Down Moderately (11%–20%)	11%
	Down Significantly (21%+)	13%
Total		100%
compare with 2000–01? (Collapsed)	Up	50%
	Flat	9%
	Down	41%
Total		100%

Only 35 percent of the schools reported an increase in application compared with the 2001–02 application cycle. Eighteen percent reported an increase of 11 percent or more. Forty percent indicate a decrease of 11 percent or more.

Comparing the 2002–03 trends to 2000–01 shows that full-time program applications increased by 50 percent. Thirty-one percent reported an increase of 11 percent or more, and 24 percent of full-time programs indicated a decrease of 11 percent or more.

APPLICATION TRENDS SURVEY 2003

Findings for Full-Time Programs

Overall Trends for Women and International Applicants

Schools were asked to compare the number of applications they received from female and international applicants in their current application cycle to the previous application cycle. About a quarter of the full-time programs reported an increase in applications from women; the majority reported a decrease (42%). About half (51%) of the full-time programs reported a decrease in their international applicants.

How does the number of full-time program applications received in 2002–03–		
for female applicants compare with 2001–02?	Up Significantly (21%+)	6%
	Up Moderately (11%–20%)	6%
	Up Slightly (10%–1%)	14%
	Flat (No change)	32%
	Down Slightly (10%–1%)	17%
	Down Moderately (11%–20%)	11%
	Down Significantly (21%+)	14%
Total		100%
for female applicants compare with 2001–02? (Collapsed)	Up	26%
	Flat	32%
	Down	42%
Total		100%
for international applicants compare with 2001–02?	Up Significantly (21%+)	10%
	Up Moderately (11%–20%)	9%
	Up Slightly (10%–1%)	13%
	Flat (No change)	17%
	Down Slightly (10%–1%)	18%
	Down Moderately (11%–20%)	14%
	Down Significantly (21%+)	19%
Total		100%
for international applicants compare with 2001–02? (Collapsed)	Up	32%
	Flat	17%
	Down	51%
Total		100%

APPLICATION TRENDS SURVEY 2003

Findings for Full-Time Programs

SPECIAL OUTREACH EFFORTS

Special Outreach Overall

Schools were asked to indicate any special outreach they did to recruit candidates to their program. Twenty-nine percent did no special outreach. Full-time programs were most likely to target special recruiting efforts towards U.S. minorities (48%). The following table shows the special outreach recruiting efforts full-time programs as a whole initiated during the 2002–03 application cycle. Percentages equal more than 100 percent as multiple items could be selected.

Who did you target with special outreach efforts in 2002–03?	
Did not do any special outreach recruiting	29%
Women	35%
International applicants	33%
Minorities (U.S.)	48%
Occupational Specialties (e.g. engineers, scientists, etc)	17%
Other (Please specify)	11%
Total	174%

APPLICATION TRENDS SURVEY 2003

Findings for Part-Time Programs

TRENDS IN APPLICATION VOLUME

Overall Trends

GMAC asked business programs to compare the number of part-time program applications they received in their 2002–03 application cycle with the number of applications they received in their 2001–02 cycle. Because the majority of schools experienced an unexpectedly high number of applications in 2001–02, schools were also asked to compare their 2002–03 application numbers with their 2000–01 numbers.

How does the number of part-time program applications received in 2002–03—		
compare with those received in 2001–02?	Up Significantly (21%+)	9%
	Up Moderately (11%–20%)	7%
	Up Slightly (10%–1%)	17%
	Flat (No change)	21%
	Down Slightly (10%–1%)	21%
	Down Moderately (11%–20%)	19%
	Down Significantly (21%+)	6%
Total		100%
compare with 2001–02? (Collapsed)	Up	34%
	Flat	21%
	Down	45%
Total		100%
compare with those received in 2000–01?	Up Significantly (21%+)	11%
	Up Moderately (11%–20%)	13%
	Up Slightly (10%–1%)	19%
	Flat (No change)	17%
	Down Slightly (10%–1%)	22%
	Down Moderately (11%–20%)	12%
	Down Significantly (21%+)	6%
Total		100%
compare with 2000–01? (Collapsed)	Up	43%
	Flat	17%
	Down	40%
Total		100%

Only 34 percent of the schools reported an increase in applications in 2002–03 compared with the 2001–02 application cycle. Sixteen percent reported an increase of 11 percent or more, and 25 percent indicated a decrease of 11 percent or more.

Comparing the 2002–03 trends to 2000–01 shows that part-time program applications increased by 43 percent. Twenty-three percent reported an increase of 11 percent or more, and 18 percent of part-time programs indicated a decrease of 11 percent or more.

APPLICATION TRENDS SURVEY 2003

Findings for Part-Time Programs

Women's Overall Trends

GMAC asked schools to compare the number of applications they received from female applicants in their 2002–03 application cycle with their 2001–02 application cycle. Approximately one-third of the part-time programs reported an increase in applications from women; the majority reported no change (46%).

How does the number of part-time program applications received in 2002–03—		
for female applicants compare with 2001–02?	Up Significantly (21%+)	3%
	Up Moderately (11%–20%)	7%
	Up Slightly (10%–1%)	26%
	Flat (No change)	46%
	Down Slightly (10%–1%)	12%
	Down Moderately (11%–20%)	4%
	Down Significantly (21%+)	3%
Total		100%
for female applicants compare with 2001–02? (Collapsed)	Up	36%
	Flat	46%
	Down	18%
Total		100%

SPECIAL OUTREACH EFFORTS

Special Outreach Overall

GMAC asked schools to specify any special outreach they did to recruit candidates to their program. Although the majority (69%) made no special outreach efforts, part-time programs were most likely to target U.S. minorities for special recruiting efforts (16%). The following table shows the special outreach recruiting efforts that part-time programs as a whole initiated during the 2002–03 application cycle.

Who did you target with special outreach efforts in 2002–03?	
Did not do any special outreach recruiting	69%
Women	12%
Minorities (U.S.)	16%
Occupational Specialties (e.g. engineers, scientists, etc.)	9%
Other	12%
Total	117%

APPLICATION TRENDS SURVEY 2003

Findings for EMBA Programs

TRENDS IN APPLICATION VOLUME

Overall Trends

GMAC asked schools to compare the number of EMBA program applications they received in their 2002–03 application cycle with the number of applications they received in their 2001–02 application cycle. Because the majority of schools experienced an unexpectedly high number of applications in 2001–02, schools were also asked to compare their 2002–03 application numbers with their 2000–01 numbers.

How does the number of EMBA program applications received in 2002–03—		
compare with those received in 2001–02?	Up Significantly (21%+)	7%
	Up Moderately (11%–20%)	7%
	Up Slightly (10%–1%)	21%
	Flat (No change)	13%
	Down Slightly (10%–1%)	21%
	Down Moderately (11%–20%)	21%
	Down Significantly (21%+)	9%
Total		100%
compare with 2001–02? (Collapsed)	Up	36%
	Flat	13%
	Down	51%
Total		100%
compare with those received in 2000–01?	Up Significantly (21%+)	16%
	Up Moderately (11%–20%)	9%
	Up Slightly (10%–1%)	12%
	Flat (No change)	12%
	Down Slightly (10%–1%)	22%
	Down Moderately (11%–20%)	21%
	Down Significantly (21%+)	9%
Total		100%
compare with 2000–01? (Collapsed)	Up	37%
	Flat	12%
	Down	51%
Total		100%

Only 36 percent of the schools reported an increase in application compared with the 2001–02 application cycle. Twenty-five percent reported an increase of 11 percent or more. Thirty percent indicate a decrease of 11 percent or more.

Comparing the 2002–03 trends to 2000–01 shows how EMBA applications increased by 37 percent. Twenty-five percent reported an increase of 11 percent or more, and 30 percent of EMBA programs indicated a decrease of 11 percent or more.

APPLICATION TRENDS SURVEY 2003

Findings for EMBA Programs

Overall Trends for Women and International Applicants

GMAC asked schools to compare the number of applications they received from female and international applicants in their 2002–03 application cycle with their 2001–02 application cycle. Thirty-nine percent of the EMBA programs reported an increase in applications from women; 30 percent reported no change. The majority of the EMBA programs reported no change in the number of international applicants (60%).

How does the number of EMBA program applications received in 2002–03—		
for female applicants compare with 2001–02?	Up Significantly (21%+)	8%
	Up Moderately (11%–20%)	8%
	Up Slightly (10%–1%)	23%
	Flat (No change)	30%
	Down Slightly (10%–1%)	17%
	Down Moderately (11%–20%)	8%
	Down Significantly (21%+)	6%
Total		100%
for female applicants compare with 2001–02? (Collapsed)	Up	39%
	Flat	30%
	Down	31%
Total		100%
for international applicants compare with 2001–02?	Up Significantly (21%+)	8%
	Up Moderately (11%–20%)	21%
	Up Slightly (10%–1%)	60%
	Flat (No change)	4%
	Down Slightly (10%–1%)	4%
	Down Moderately (11%–20%)	2%
	Down Significantly (21%+)	8%
Total		100%
for international applicants compare with 2001–02? (Collapsed)	Up	29%
	Flat	60%
	Down	10%
Total		100%

APPLICATION TRENDS SURVEY 2003

Findings for EMBA Programs

SPECIAL OUTREACH EFFORTS

Special Outreach Overall

Schools were asked to indicate any special outreach they did to recruit candidates to their program. Over half (53%) made no special outreach efforts. EMBA programs were most likely to target special recruiting efforts towards women (27%). The following table shows the special outreach recruiting efforts EMBA programs as a whole initiated during the 2002–03 application cycle. Percentages equal more than 100 percent as respondents could indicate multiple outreach efforts.

Who did you target with special outreach efforts in 2002–03?	
Did not do any special outreach recruiting	53%
Women	27%
International applicants	8%
Minorities (U.S.)	19%
Occupational Specialties (e.g. engineers, scientists, etc)	14%
Other (Please specify)	14%
Total	135%