



Using a Tuition Pricing Study to Drive Enrollment Growth

Webinar

October 15, 2019



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family company

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Students Surveyed
in 2018

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Employees

90

Higher Ed Clients
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Using a Tuition Pricing Study to Drive Enrollment

What We'll Cover

- What is a tuition pricing study
- The power of your brand
- The role of your market position
- Price Elasticity and Driving Enrollment

What is a Tuition Pricing Elasticity Study

Tuition Pricing Elasticity and Brand Value Study

- Real-time Tuition Pricing + Brand Value
 - Preference for your college (relative to competitors) under current market conditions
 - How changes in published price and/or discounting strategy affect preference for your college
 - Extent to which certain factors (brand name, published price, discounted cost) impact college selection
 - Ideal published price point and discounted cost for generating peak revenue and/or enrollment
 - Segments of students most affected by changes in cost (who is gained/lost when cost changes)
 - Segments of students whose preference for your college is unaffected by changes in price
 - The role of brand attributes in perceived college value

Real-time Price Vs. Historic Data

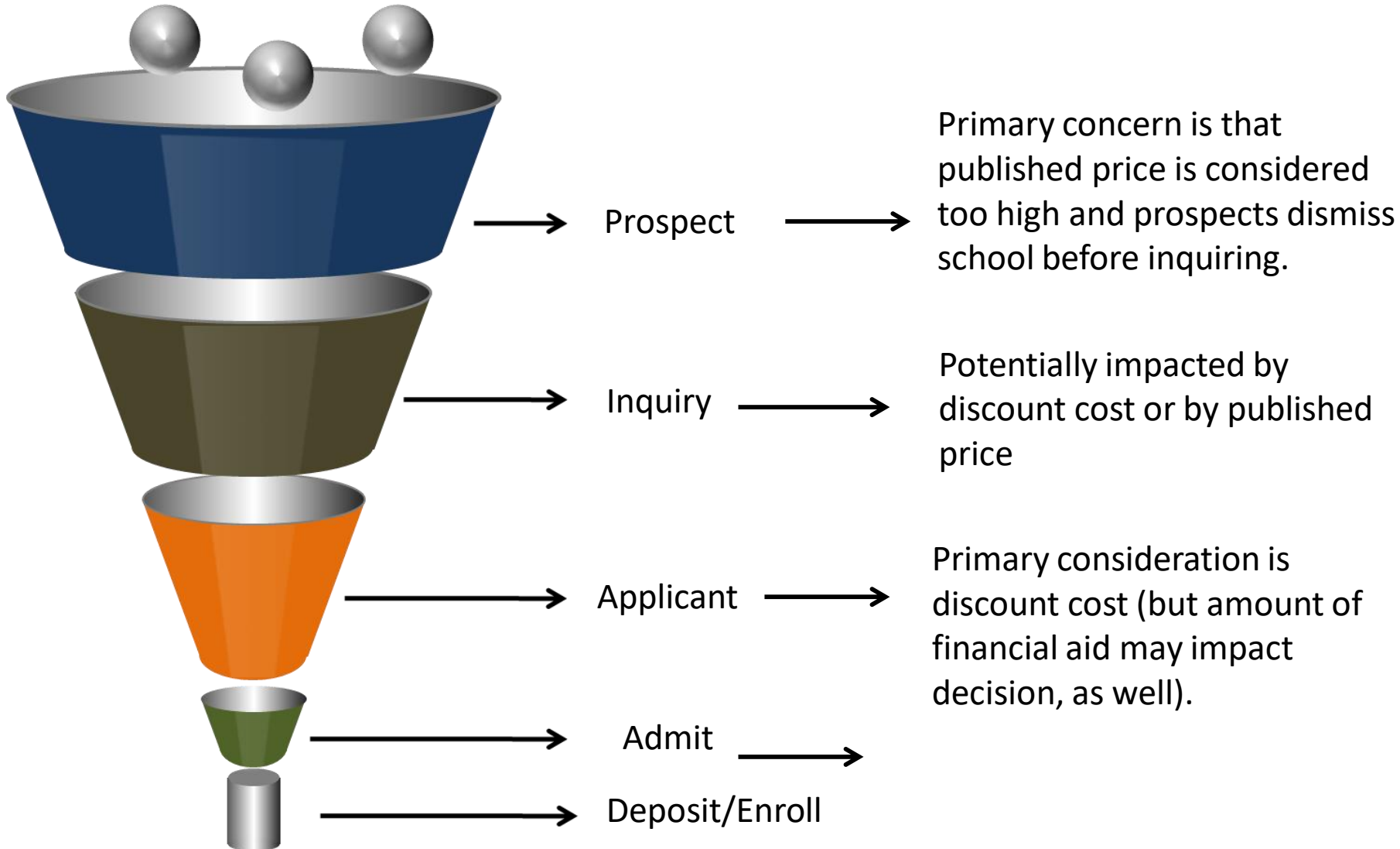
Tuition Pricing Elasticity and Brand Value Study

- Historic Data
 - Shows tuition trends
 - Understand what your competitors have done
 - How you compare to your competitors in the last year
 - Anecdotal pricing strategies

- Real-time Data
 - Understand student preference and demand in the moment
 - How you compare to your competitors *right now*
 - Determine real pricing strategies
 - Maximize enrollment and revenue

Sample Question				
College A	College B	College C	College D	Your College
With a total published price of \$64,000	With a total published price of \$20,500	With a total published price of \$64,000	With a total published price of \$49,500	With a total published price of \$49,500
And offering a cost after financial aid and scholarships of \$44,800	And offering a cost after financial aid and scholarships of \$20,500	And offering a cost after financial aid and scholarships of \$64,000	And offering a cost after financial aid and scholarships of \$34,650	And a cost after financial aid and scholarships of \$19,800
Given what you know about the market, would you really choose to attend this option?				

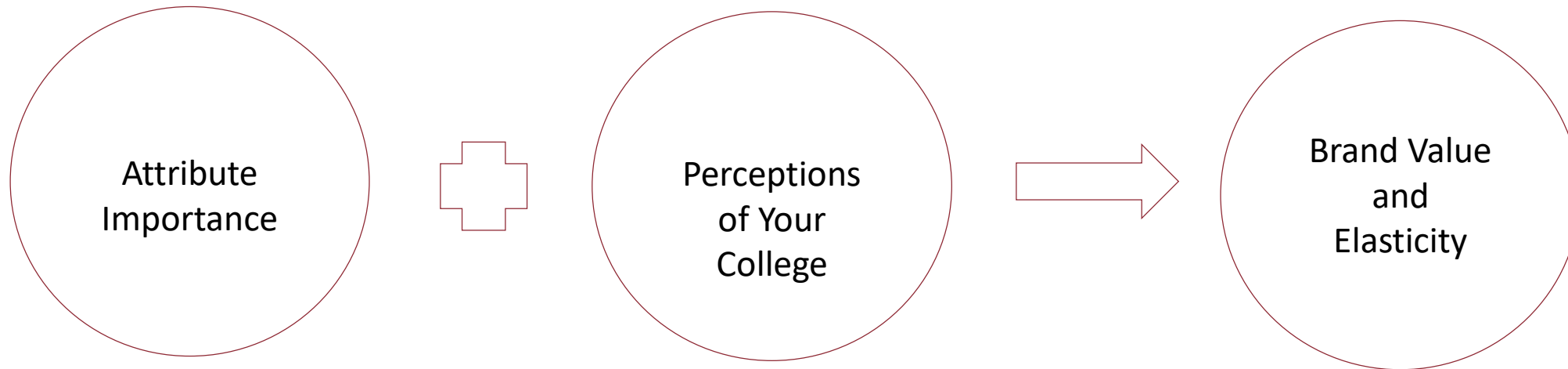
Decision Making Process



The Power of Your Brand

Brand Value and the Intersection with Tuition Price

- A college's brand can be one of the most influential forces when setting a tuition price that drives enrollment



Factors of Importance

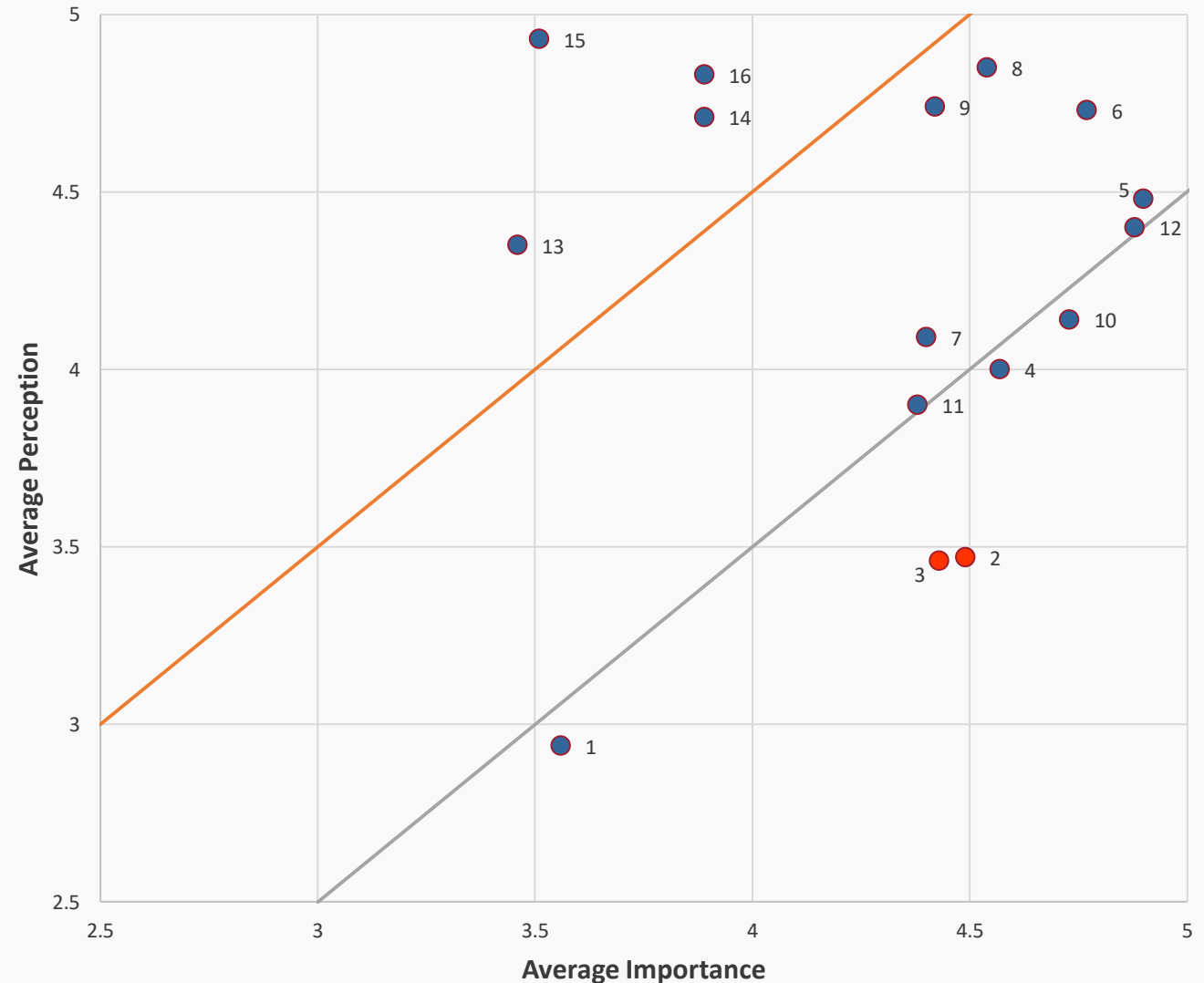
Please rate the following qualities in terms of how important they are to you. 1=Not at all important; 5=Very important	Students	Parents
Quality of faculty as teachers and mentors	4.78	4.91
A strong sense of community that welcomes students and makes them feel like they belong	4.67	4.88
Graduates are successful in finding employment or gaining admission to good graduate schools	4.62	4.71
Opportunities to pursue your own academic interests in the classroom	4.73	4.58
Amount of personal attention from faculty and staff	4.46	4.77
Amount of financial aid you could expect, including scholarships	4.67	4.53
Expected net cost to attend after scholarships and financial aid	4.60	4.53
Opportunities to pursue your own academic interests outside of the classroom through research and study abroad	4.61	4.49
Academic reputation of the school	4.32	4.52
Rigorous academic environment	4.22	4.35
Diversity of the student body	4.10	4.40
Commitment to environmental sustainability	3.93	3.98
Activism on social justice issues	3.90	3.95
Cost to attend before scholarships and financial aid	3.96	3.53
Culture of entrepreneurship at the college/university	3.73	3.56
Ability to apply to the school using the Common App	3.73	3.51
Ability to take courses and utilize resources at other schools through a consortium with neighboring colleges	3.57	3.66

Perceptions

Please rate [Your College] on each quality. 1=Very poor; 5=Very good	Students	Parents
[Your College]'s ability to allow students to take courses and utilize resources at other schools through a consortium with neighboring colleges	4.63	4.89
Opportunities to pursue your own academic interests in the classroom	4.61	4.85
[Your College]'s commitment to environmental sustainability	4.50	4.75
Amount of personal attention from faculty and staff	4.44	4.77
Opportunities to pursue your own academic interests outside the classroom through research and study abroad	4.38	4.73
[Your College]'s activism on social justice issues	4.41	4.68
Quality of faculty as teachers and mentors	4.29	4.50
Ability to provide a strong sense of community that welcomes students and makes them feel like they belong	4.18	4.46
[Your College]'s culture of entrepreneurship	3.95	4.39
Success of [Your College]'s graduates in finding employment or gaining admission to good graduate schools	3.89	4.15
Rigorous academic environment	3.77	4.12
[Your College]'s academic reputation	3.76	4.08
Diversity of the student body	3.68	3.82
Amount of financial aid you could expect, including scholarships	3.68	3.49
Expected net cost to attend after scholarships and financial aid	3.62	3.36
Cost to attend before scholarships and financial aid	3.03	2.84

Perceptions vs. Importance

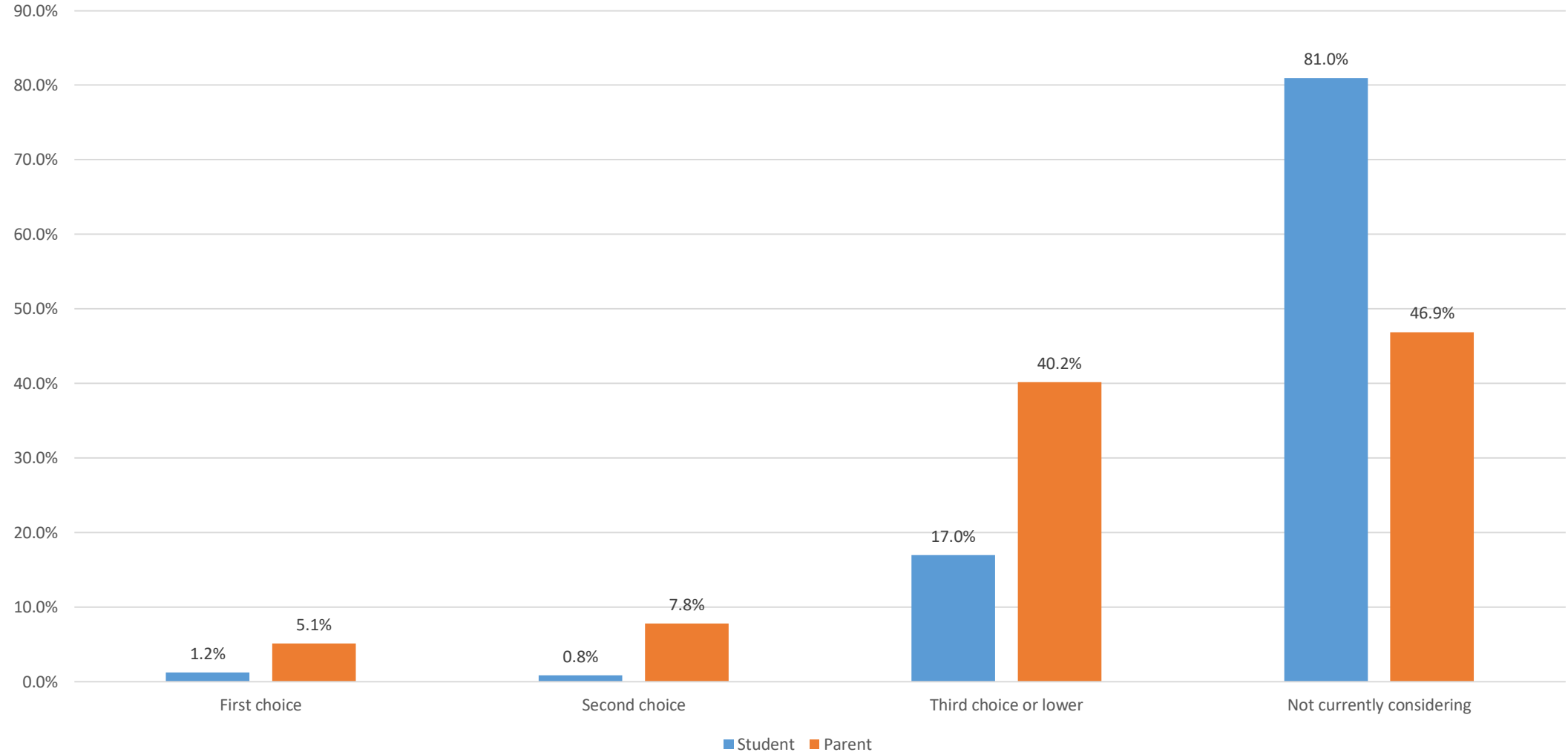
#	Factor
1	Cost to attend before scholarships and financial aid
2	Expected net cost to attend after scholarships and financial aid
3	Amount of financial aid you could expect, including scholarships
4	Academic reputation of the school
5	Quality of faculty as teachers and mentors
6	Amount of personal attention from faculty and staff
7	Rigorous academic environment
8	Opportunities to pursue your own academic interests in the classroom
9	Opportunities to pursue your own academic interests outside of the classroom through research and study abroad
10	Graduates are successful in finding employment or gaining admission to good graduate schools
11	Diversity of the student body
12	A strong sense of community that welcomes students and makes them feel like they belong
13	Culture of entrepreneurship at the college/university
14	Activism on social justice issues
15	Ability to take courses and utilize resources at other schools through a consortium with neighboring colleges
16	Commitment to environmental sustainability



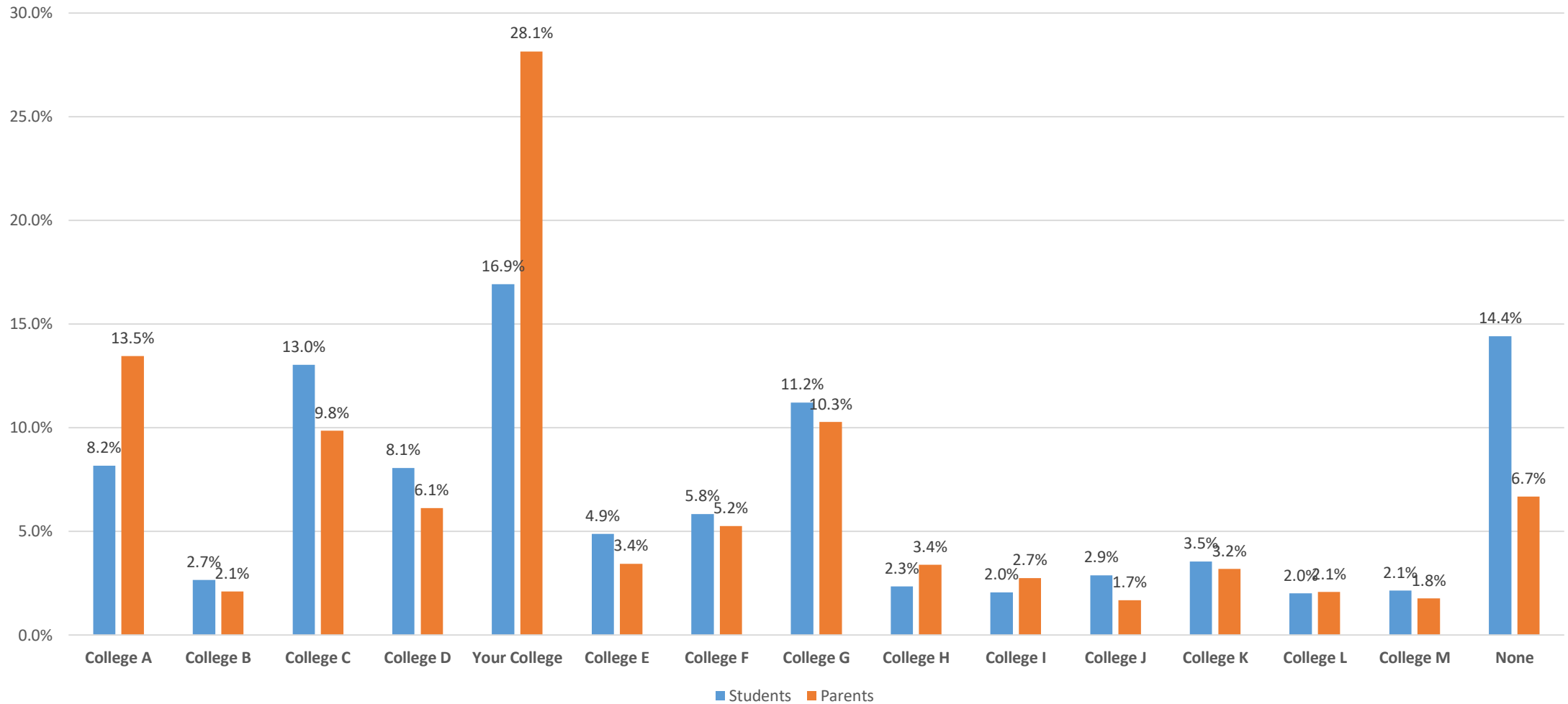
The Role of Your Market Position

- How do you stack up against your competitors?
- Related to your **brand value and current market prices**
- The marketplace and your position can determine perceived baseline tuition pricing in your market

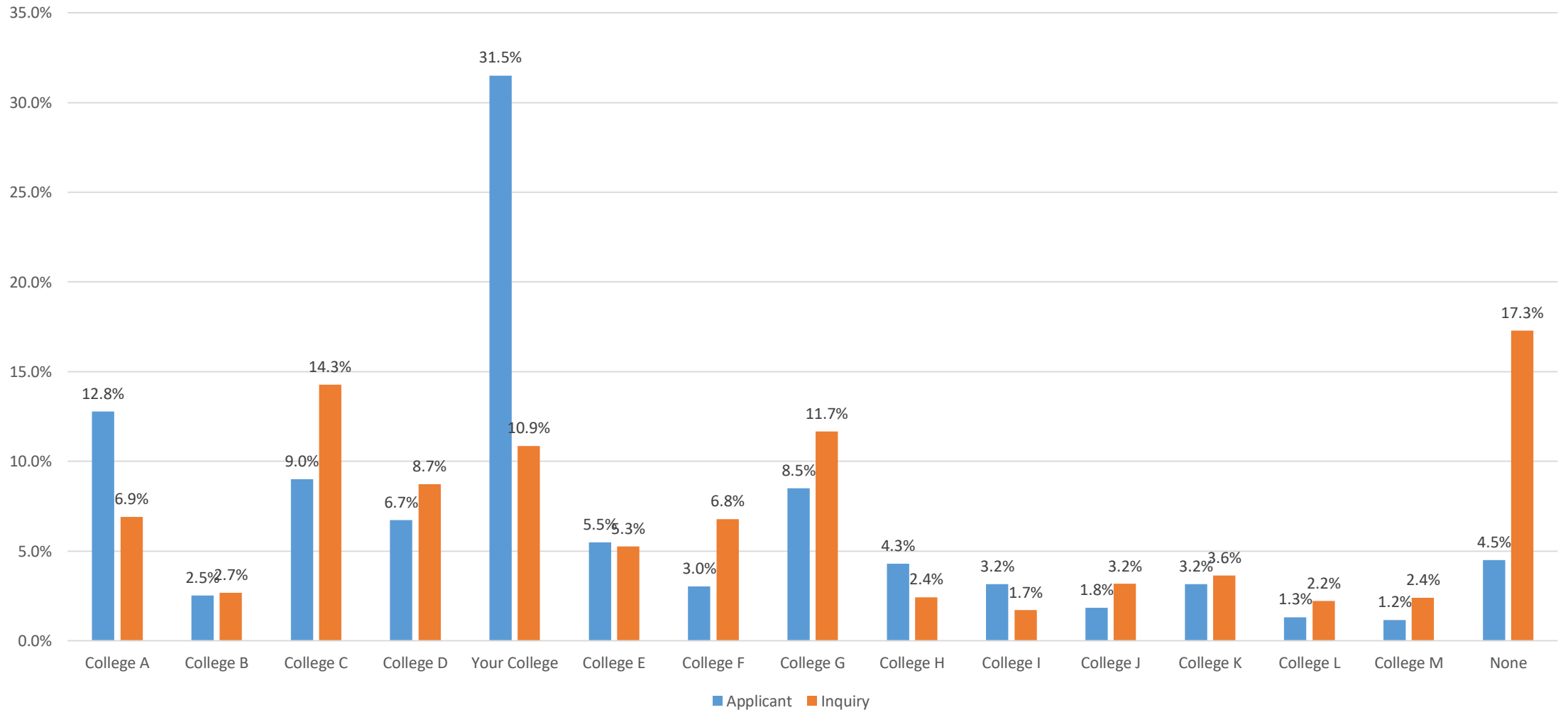
Your Position



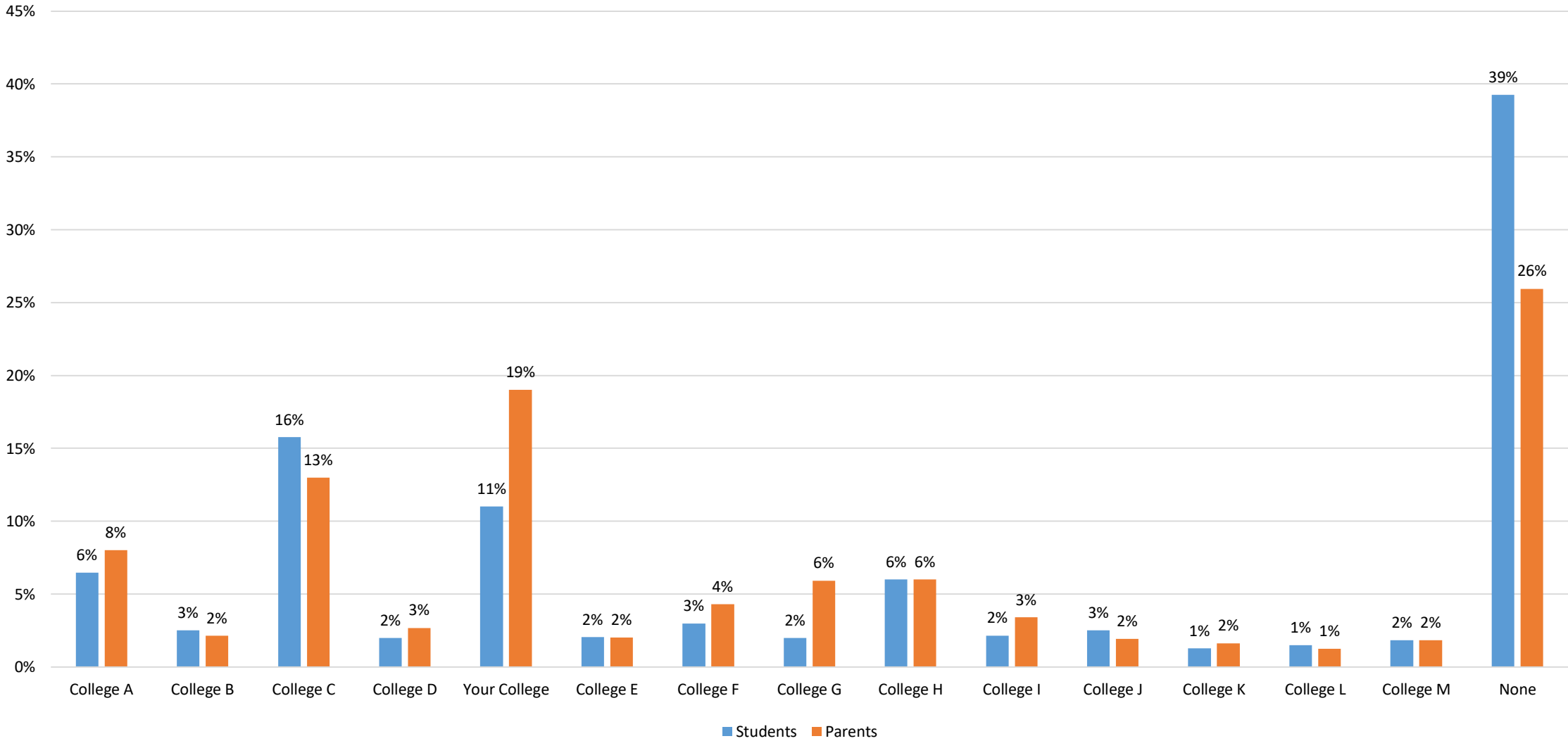
Brand Value and Your Position



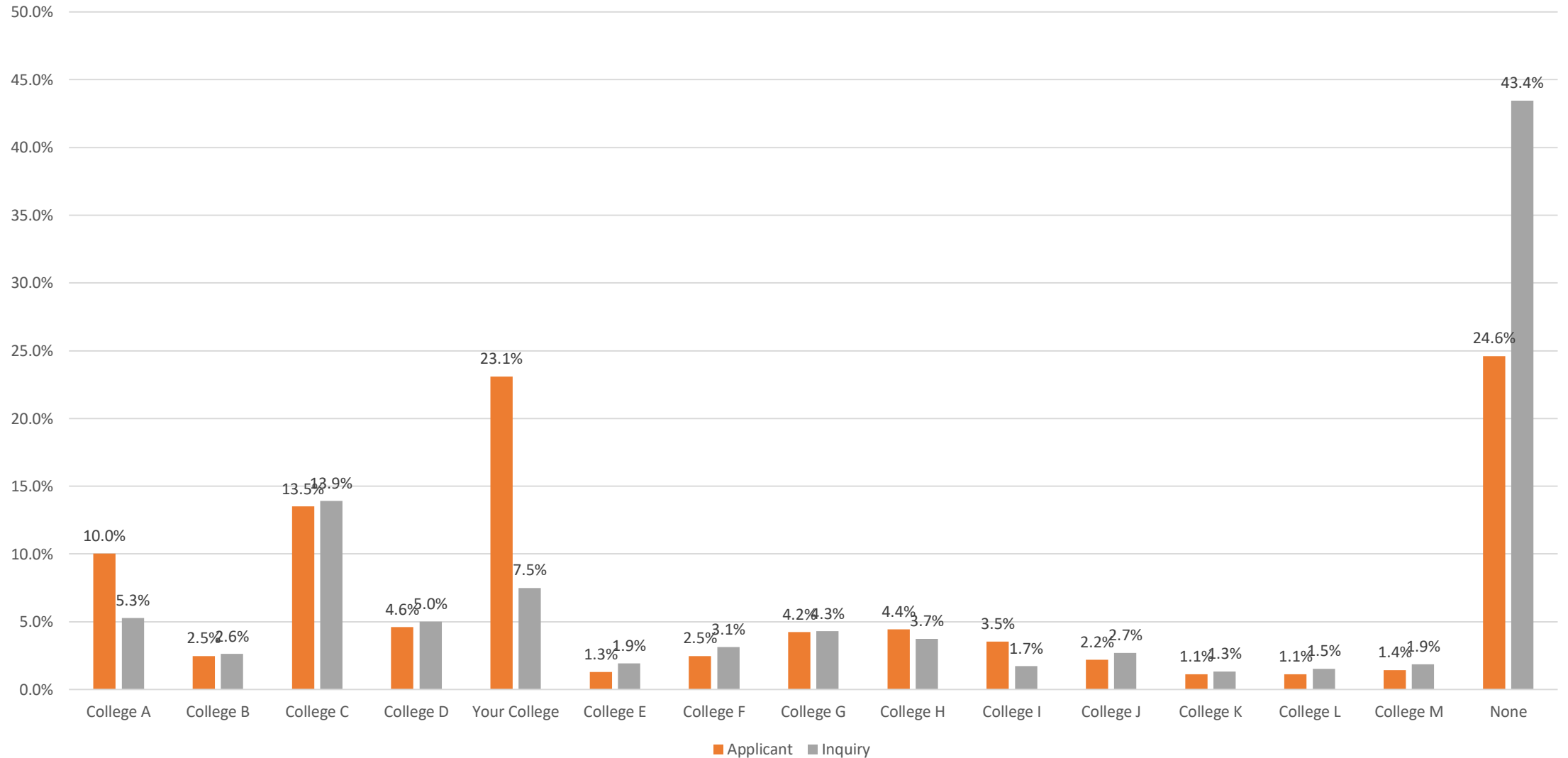
Brand Value and Your Position



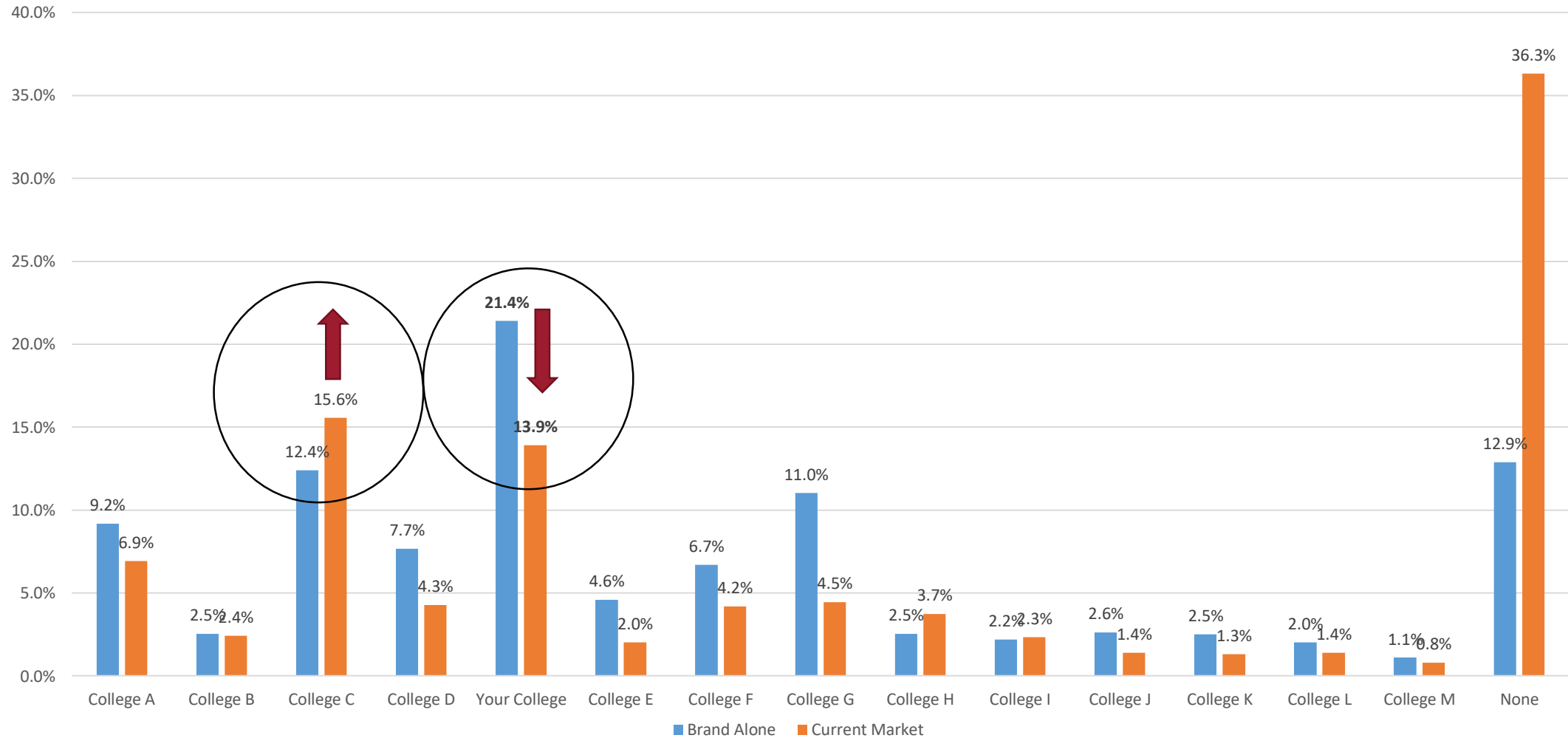
Current Market Prices and Your Position



Current Market Prices and Your Position



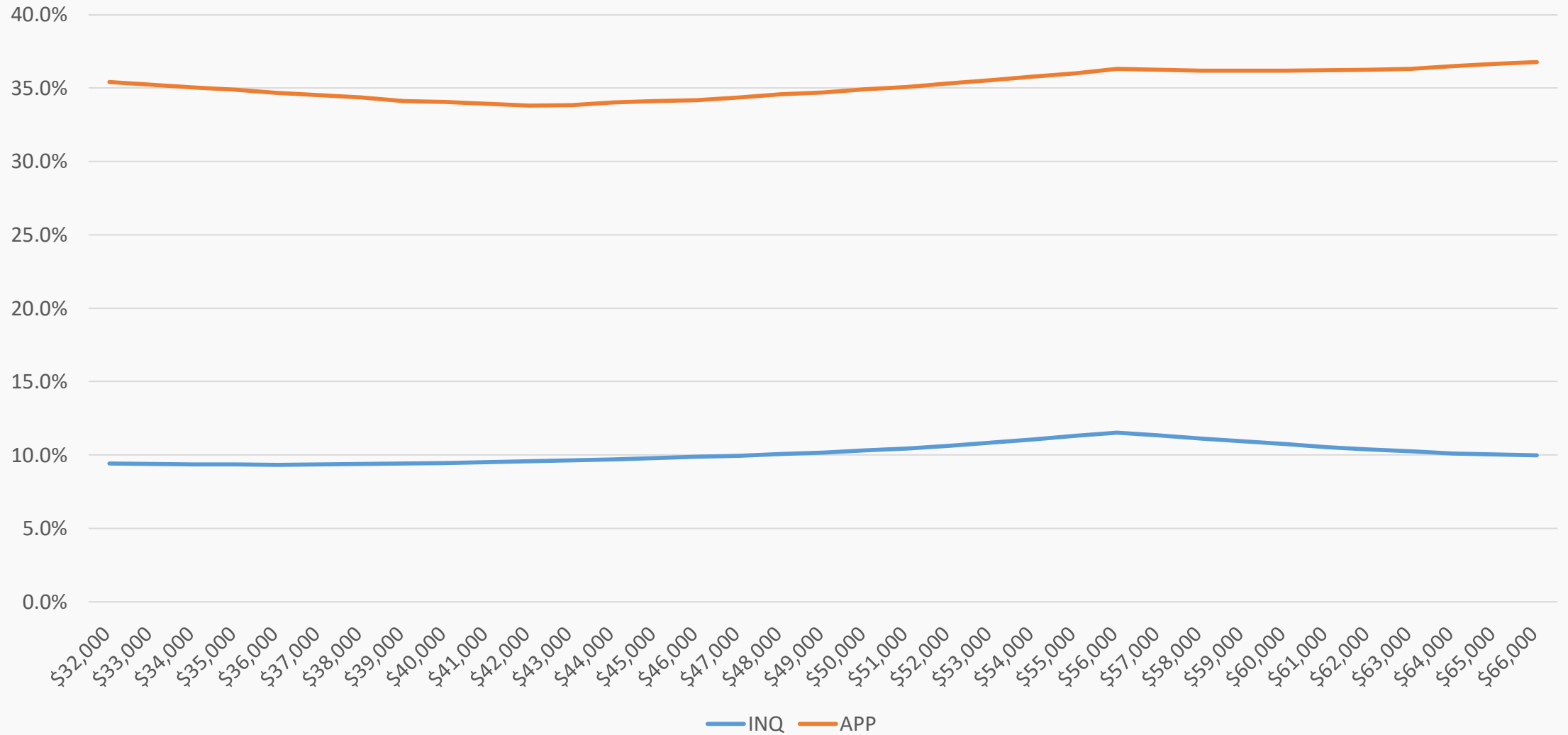
The Big Picture



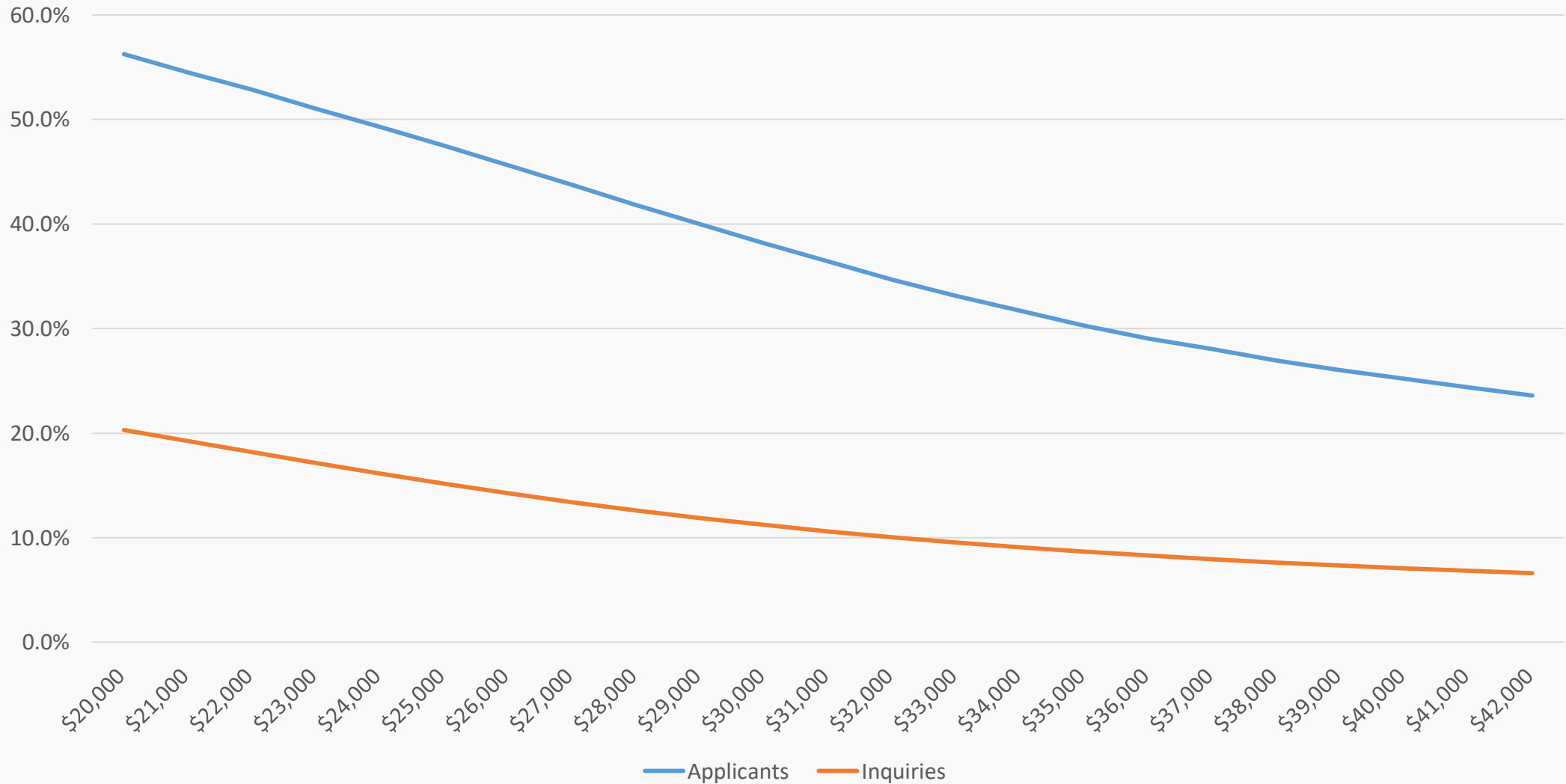
Changes to Tuition Pricing and Market Share

- Market share is percentage of students who would choose to attend your college at a specific price point
- Your current market share can be related to several factors:
 - **Your Market Position**
 - **Brand and Awareness (reach)**
 - **Current Market Prices**
 - Your current marketing and recruitment tactics
- Changes to your tuition price (published price and net cost) can have the biggest impact

Changes to Published Price and Market Share



Changes to Net Cost Market Share



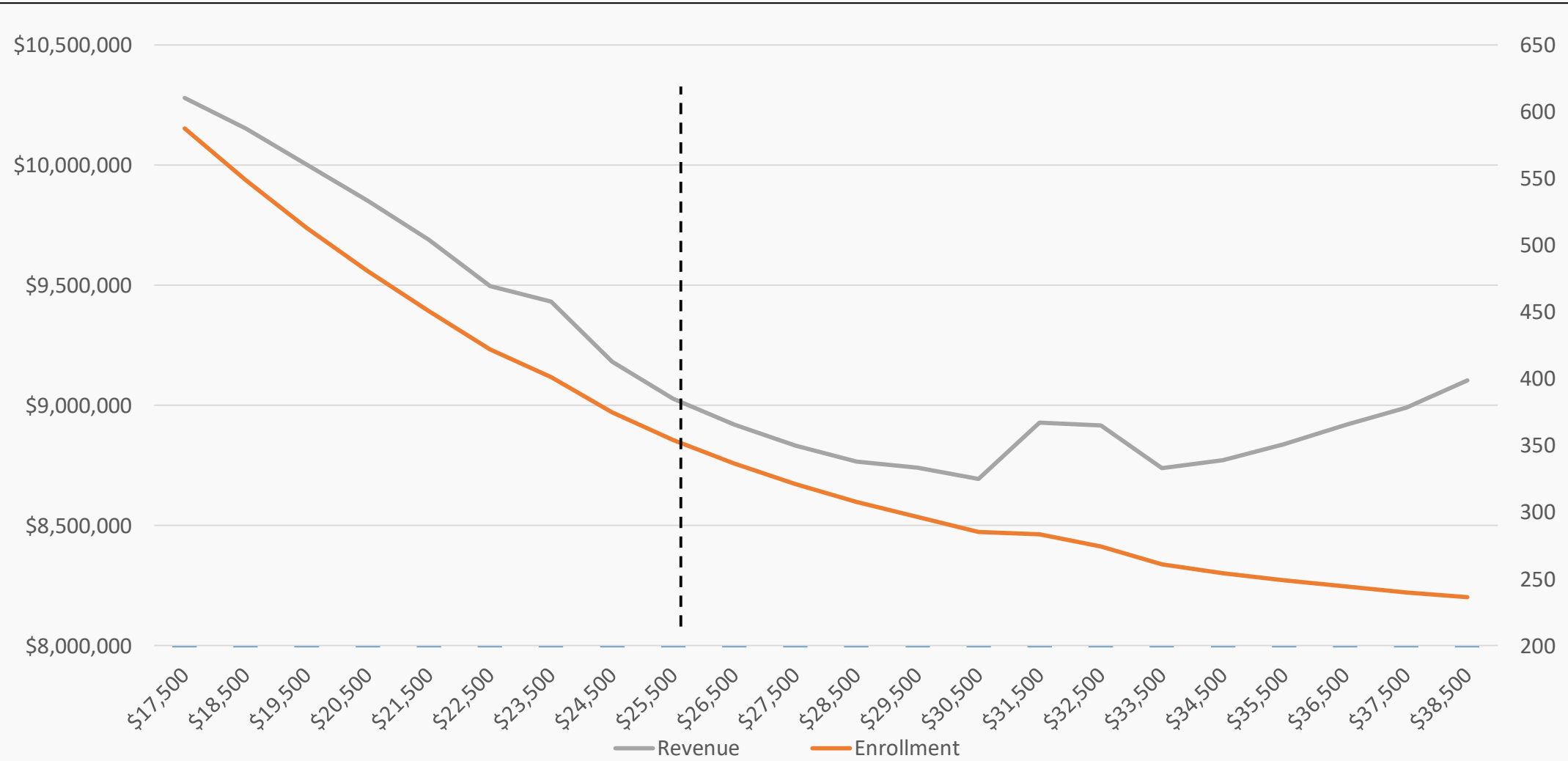
Price Elasticity, Enrollment, and Revenue

- Price Elasticity: Relationship between cost and demand
 - published price and net cost and preference share
 - Elastic vs. Inelastic
- Numerous factors are influential on the elasticity
- **Goal: To find the price that will drive enrollment and revenue**

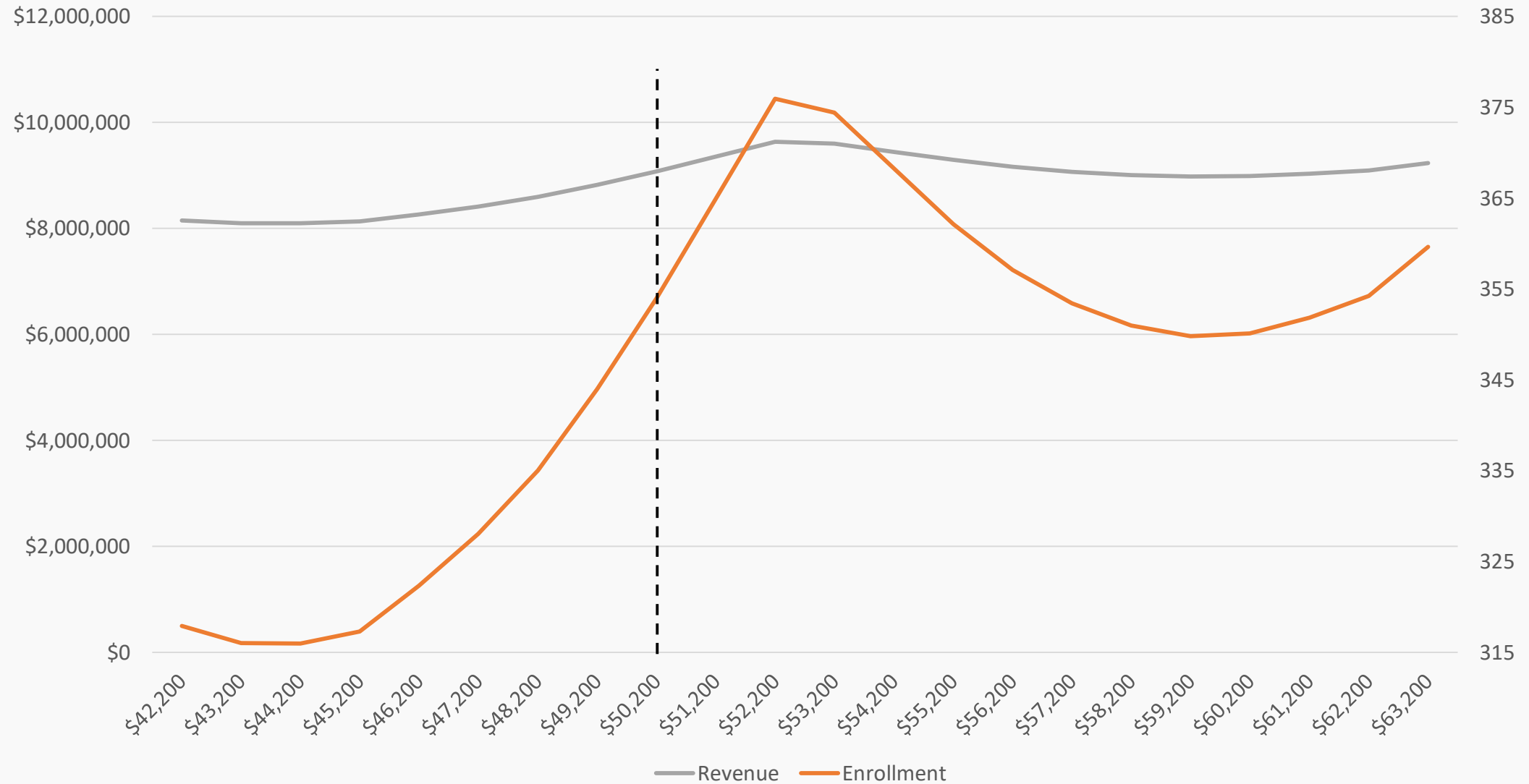
Determining the Best Price

- There's no simple answer!
 - Students are more knowledgeable about tuition pricing than ever before.
 - They know what you cost and what your competitors cost.
 - Applicants know your brand
 - Discounting vs. Reset
- Therefore, determining the best price requires looking at multiple price points, *and*
 - ***Changes to Published Price Only***
 - ***Changes to Net Cost Only***
 - ***Changes to Published Price and Net Cost***
- **Because the correct change will drive enrollment and revenue**

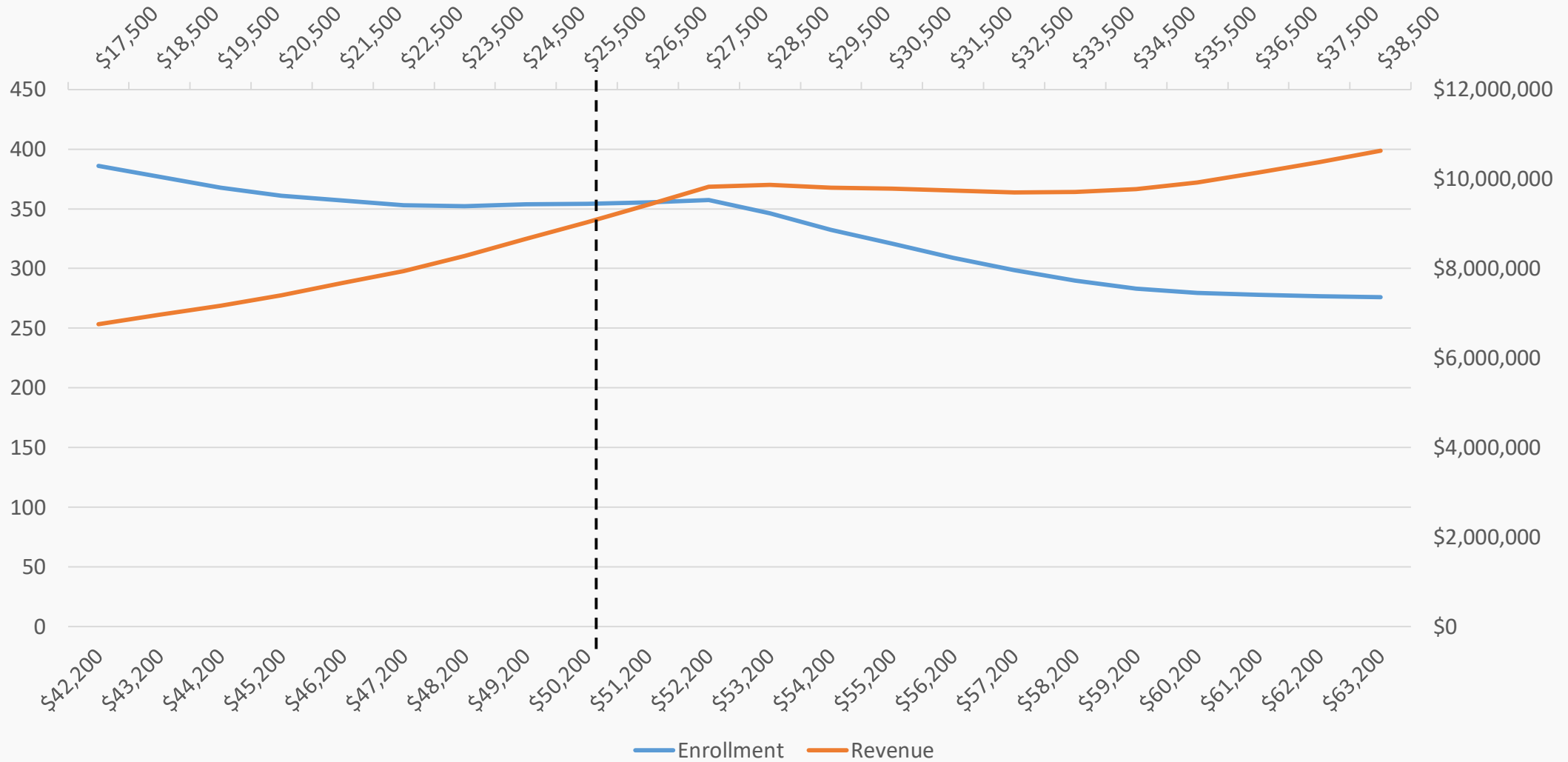
Scenario: Net Cost Change Alone



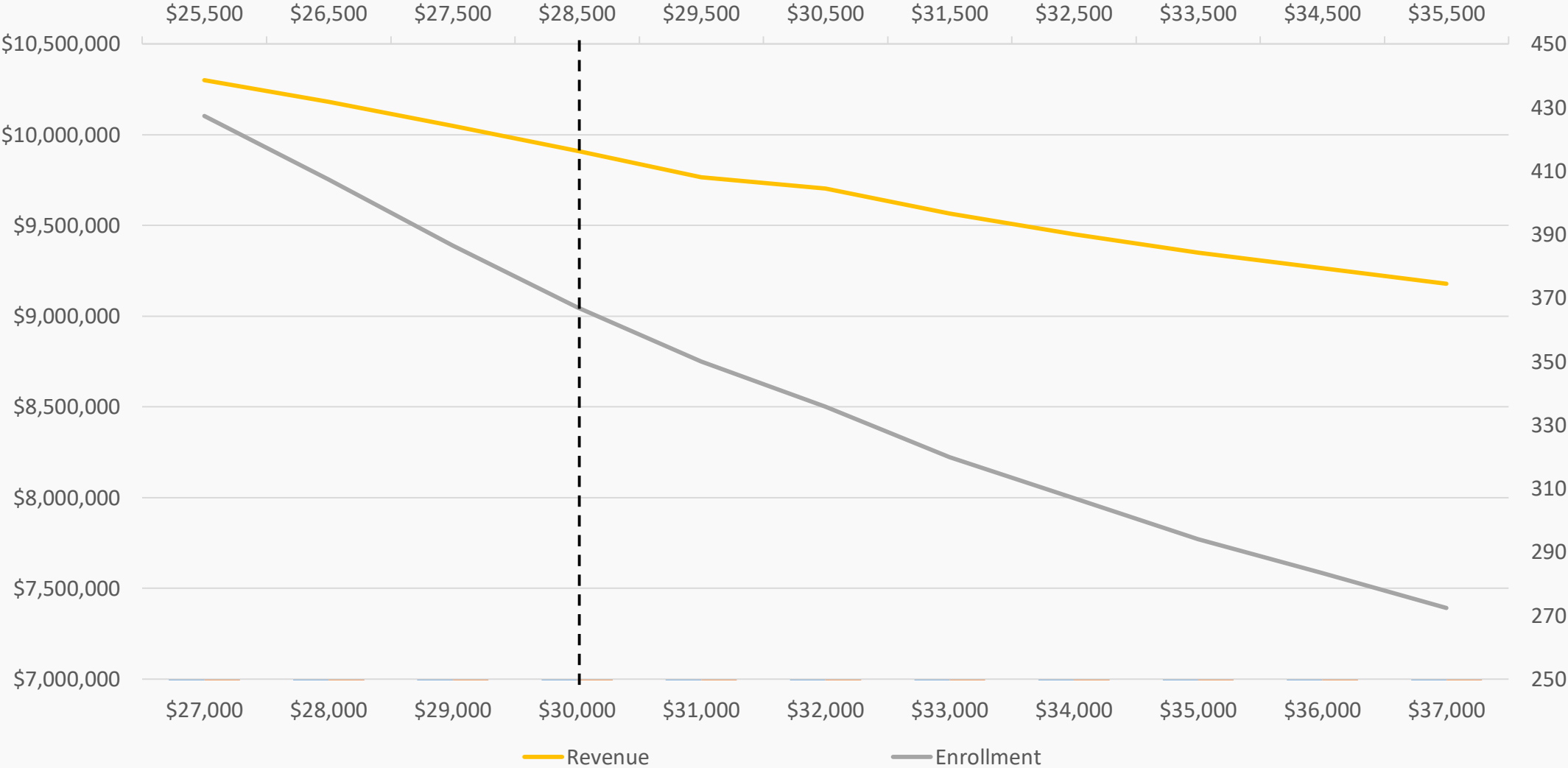
Scenario: Published Price Changes Alone



Scenario: Published Price and Net Cost



Scenario: Reset

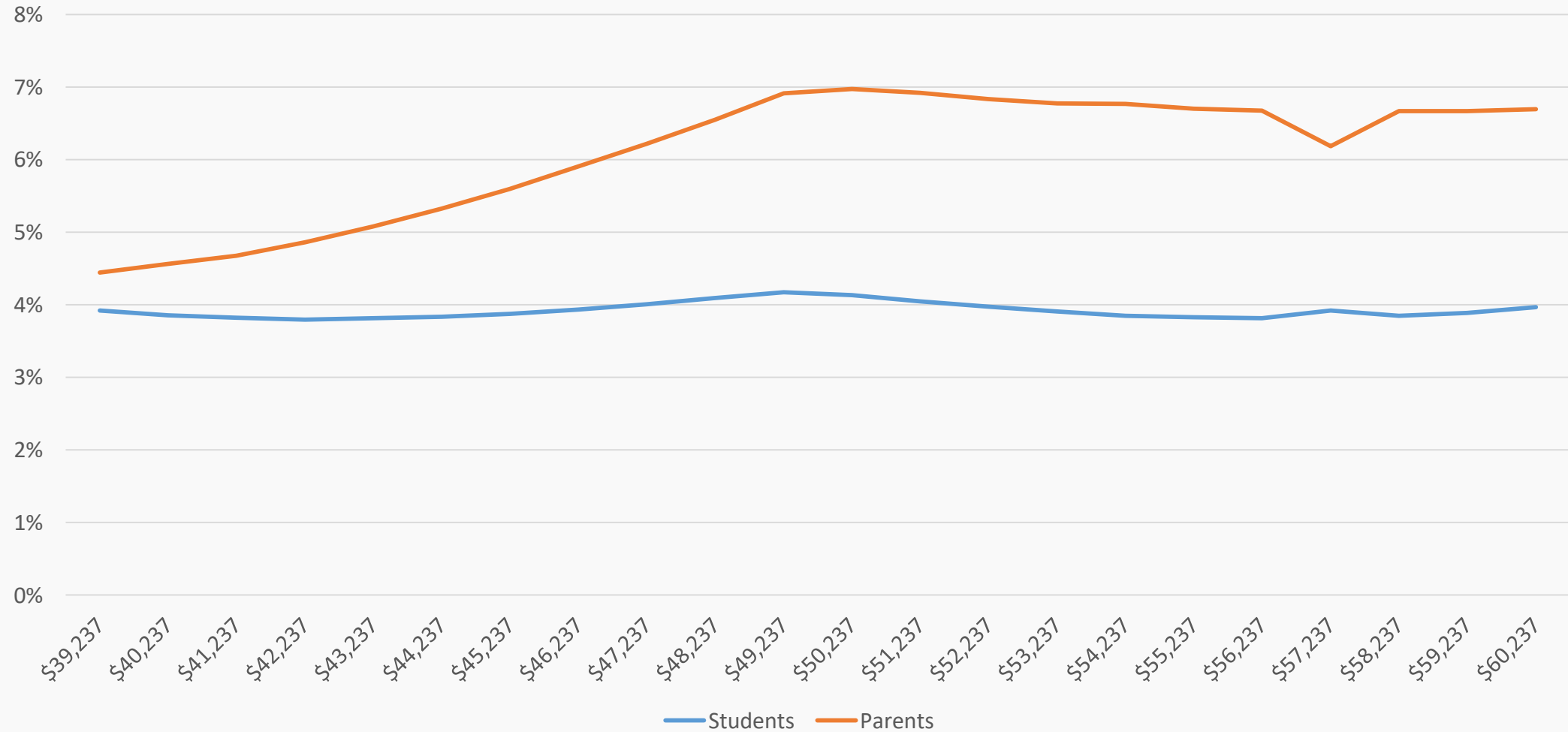


The Relevancy of Parent and Student Segments

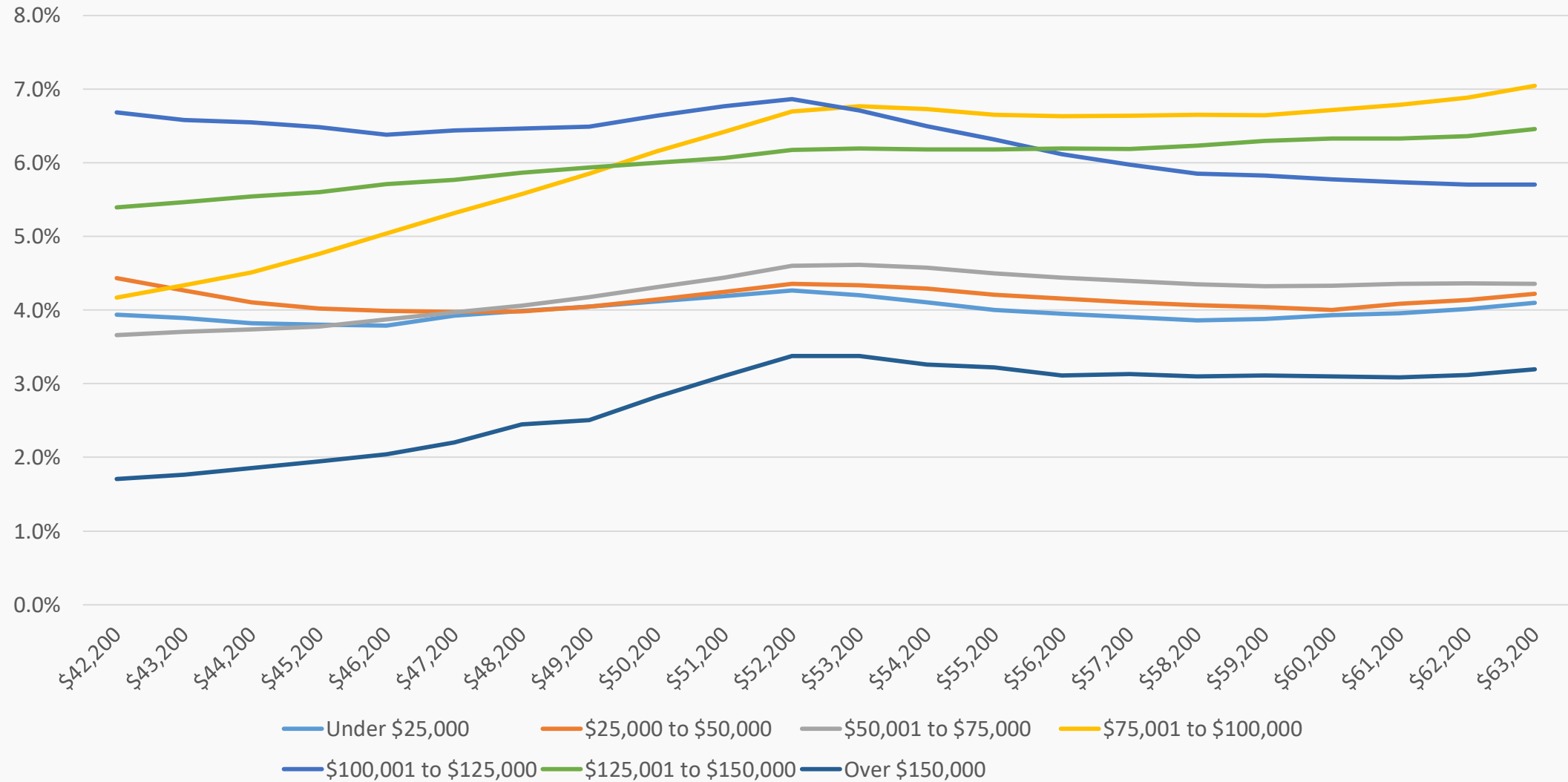
- Your student segments matter
 - Whether you're a small private school recruiting students primarily in your state or a well-known Ivy League institution
- Pricing preferences differs by academic indicators (e.g., GPA), geography, type (i.e., inquiry vs. applicant), household income
- Changes to pricing can influence which students choose to enroll or even simply apply



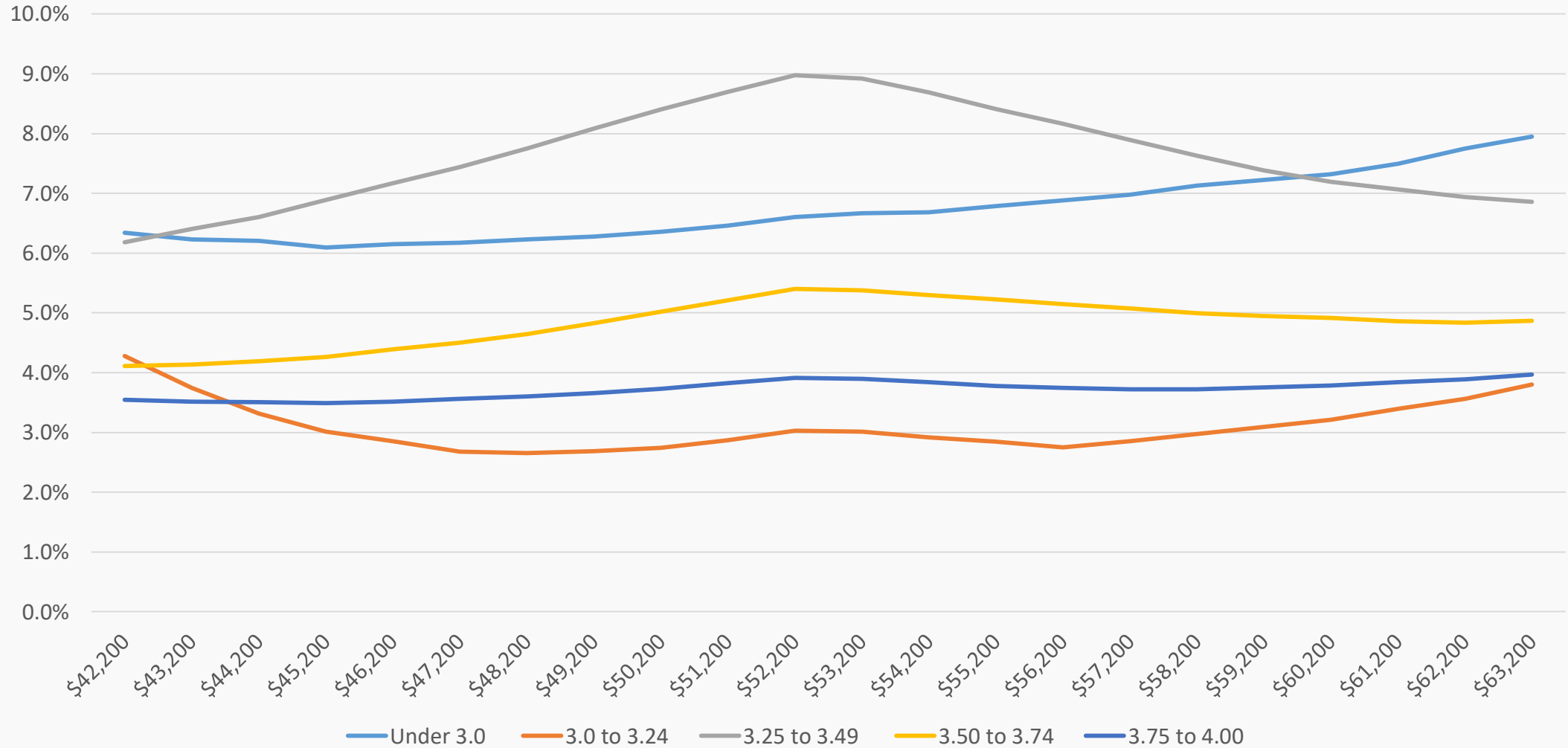
Student Segments



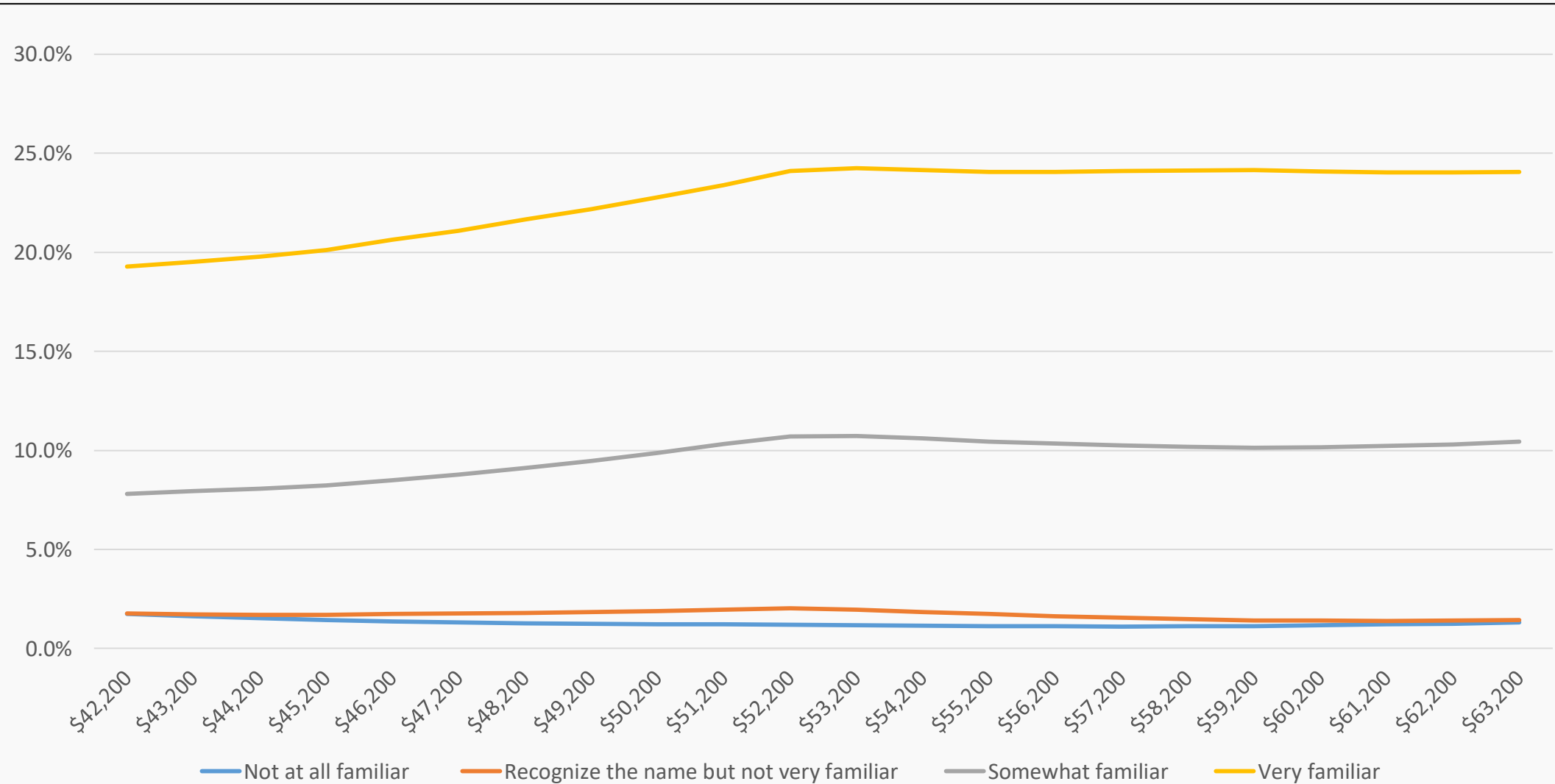
Student Segments



Student Segments

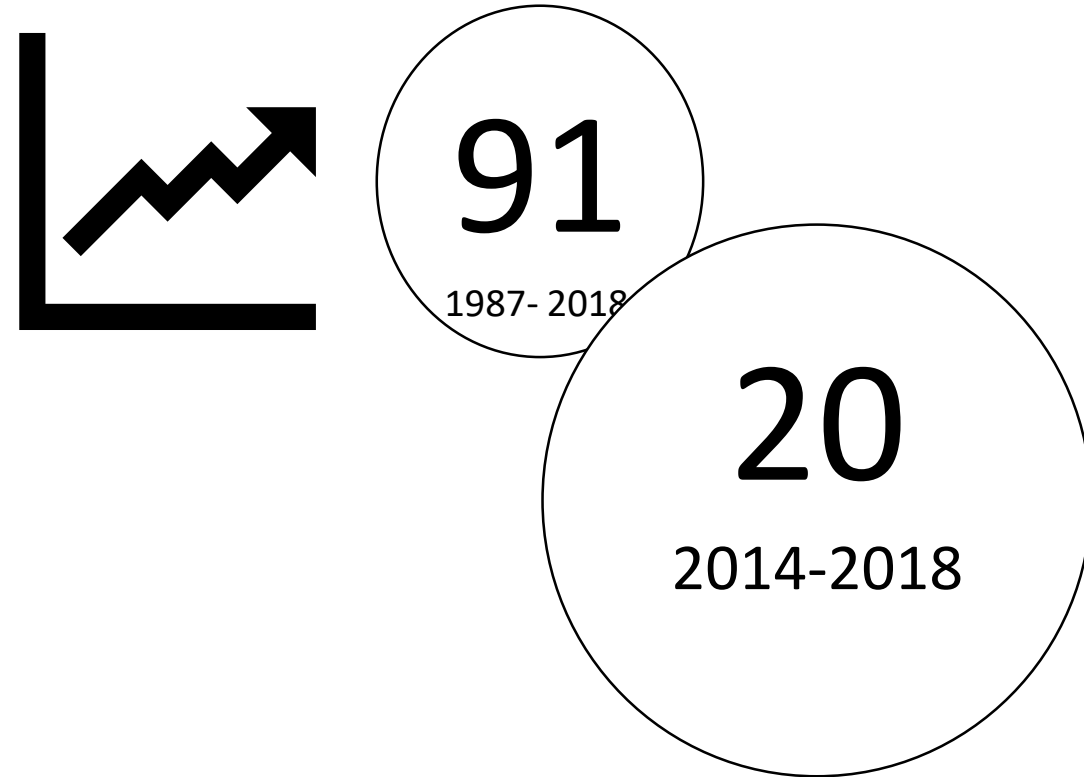


Student Segments



Tuition Resets: How to Know if It's the Right Move

- Have you looked at your competitors and their price? Where do you fall?
- Are you competing with public schools? Are they a top competitor?
- Is your enrollment declining and you think it may be related to price?
- Simply looking to remain competitive?
- How much has policy/discussion influenced tuition prices in your core market?



Tuition Resets: Considerations

- A tuition reset can...
 - Competitively position you in your market
 - Increase enrollment and revenue
 - Extend your core market research
- But a tuition reset also...
 - Is irreversible
 - Requires extensive marketing
 - Can decrease your brand value
- Which is why data analytics are crucial

Simple Questions to Ask

"Are we priced appropriately in the market?"

Simply comparing your price to competitors isn't enough to answer the question. Students choose a school based on value, which sits at the intersection of price and quality.



THIS WILL HELP YOU...

- Understand how you are perceived vis-à-vis your competitors.
- Determine if the market believes your price is commensurate with the quality you deliver.
- Identify the right price point based on the market's willingness-to-pay.
- Focus marketing communications on the qualities that are most important to your audiences.
- Focus your recruiting efforts on prospective students most likely to apply and enroll.

"We need a better financial aid strategy"

Traditional financial aid leveraging approaches are useful but inherently backward-looking and limited. Strategic enrollment managers need more information for a sound financial aid strategy.



THIS WILL HELP YOU...

- Assess how changes in discount rates impact the size and shape of the class as well as net tuition revenue.
- Determine an ideal discount rate for your institution based on enrollment goals, housing capacity, and academic standards.
- Segment your prospective students by meaningful differentiators such as GPA, location (in-state vs. out-of-state), household income, parent education, first-generation student status, etc.

"What happens if we change our price?"

You need to know how a change in your price will impact two of the most important measurements of institutional stability: enrollment and revenue.



THIS WILL HELP YOU...

- Assess the price elasticity of your institution (i.e., how your preference changes as price changes).
- Develop a data-based estimate of enrollment and net tuition revenue in multiple new pricing scenarios.
- Analyze the composition of the class in different pricing scenarios.
- Determine how a change in a competitor's price would affect preference for your institution.

Resources

- How Do You Know This is a Great Time to Conduct a Tuition Pricing Elasticity Study?
 - Learn the 5 reasons the time is now

Thank You! Questions?



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