
INSIGHTS

Five Ways to Get Ahead with a Tuition Pricing Elasticity Study

We recognize that dollars are tight at most institutions. As consequence, decisions about whether to conduct market research must be made carefully.

While the panoply of potential research studies is huge, conducting a pricing study is an excellent investment when you are interested in:

- 1. Adding rigor and marketplace data to your decision process.** Historically, colleges and universities made decisions about pricing using an amalgam of historical data, intuition, and hope. As a consequence, there was often very little confidence in the decision that was made and the decision process can be overly political. A pricing study adds a high level of confidence to the decision-making process.
- 2. Learning how changes in your price will impact enrollment and tuition revenue.** A pricing study will identify two tuition price points. The first is the point at which you will generate the most revenue. The second is the point at which you will generate the most students. Fully understanding these two price points is essential for any long-term pricing strategy and can have a profound impact on both strategic planning and your overall brand strategy.
- 3. Understanding how students and parents decide which college to attend.** College choice decisions are seldom made in a vacuum. Instead, students and parents weigh your brand value and cost. If they believe your brand value is greater than your perceived cost, they will attend. If they perceive your brand value as low or are uncertain, they will likely not enroll. Understanding your current brand can help inform decisions about whether to create, modify, or enhance an existing brand strategy.
- 4. Assessing how your brand value compares to other colleges in your competitor set.** A pricing study not only clarifies your brand value, but it highlights how students and parents compare your brand value to that of your competitors. These data can help you refine your competitive positioning strategy.
- 5. Refining your recruiting communication strategy.** Pricing studies not only help you identify price points and brand value, but they will identify the college choice attributes of most value to students and parents. This will have an immediate impact on your broad recruiting communication strategy and allow you both focus and segment your visual and verbal messages so they are more compelling.