



A Better Way to Compete on Price

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Presented by Mark Salisbury, Ph.D



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Mark Salisbury, Ph.D.

TuitionFit



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Learning Outcomes



Learn how the pandemic weaponized existing trends to create the seismic shift we now see in how students and families evaluate their college options.



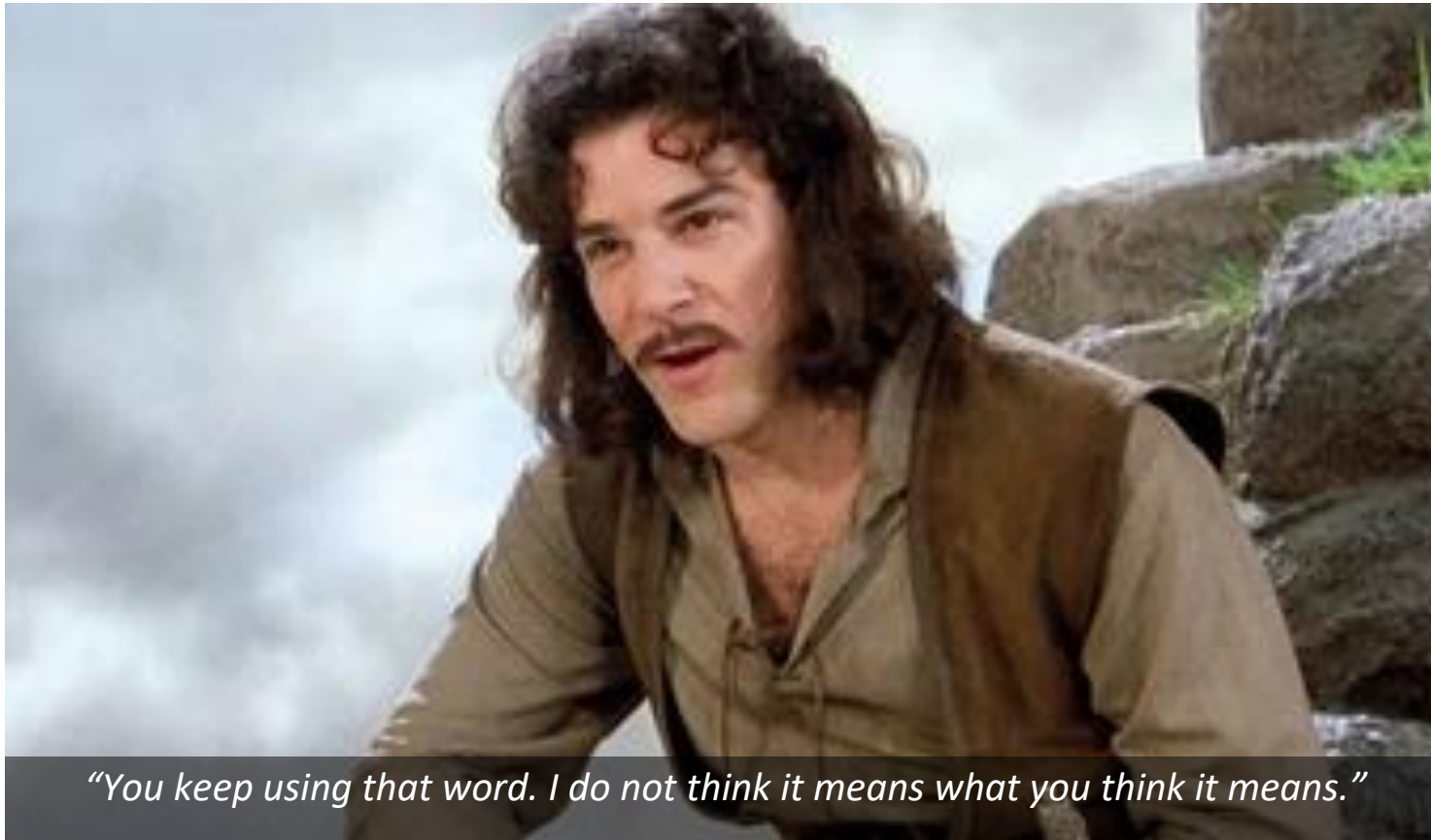
Learn about the TuitionFit project and the way the public is creating college price transparency by crowdsourcing financial aid award offer letters.



Explore ways colleges and universities can utilize this new data resource to more effectively compete on price, value, and return on investment.

Part 1 - Existing Trends, Weaponized

- Redefining tuition
- Family incomes don't keep up
- Discounting
- Best Four Years vs. ROI



"You keep using that word. I do not think it means what you think it means."

Redefining Tuition

- Price originally represented the cost to educate
- Starting in the mid 1980s, higher ed institutions (HEI) reframe price to convey quality
- Fueled by the rankings, price setting becomes a pervasive means of asserting quality & status
- As goes the national-brand HEIs, so goes the rest of HEIs (first privates, then flagships, then ...)
- Even after accounting for inflation, average advertised tuition and fees increases by about 160 percent over a 35-year period

Family Incomes Don't Keep Up

Over the same 35-year period, average family income for 8 out of 10 Americans increased by about 8 percent.



-10%

-20%

-30%

-40%

-50%

-60%

-70%

-80%

-90%

Discounting

- With price now designed to merely attract applicants, discounting becomes the way to “seal the deal.”
- As competition for specific types of students rises, discounts become more pervasive.
- As family income continues to stagnate, discounts become more generous.

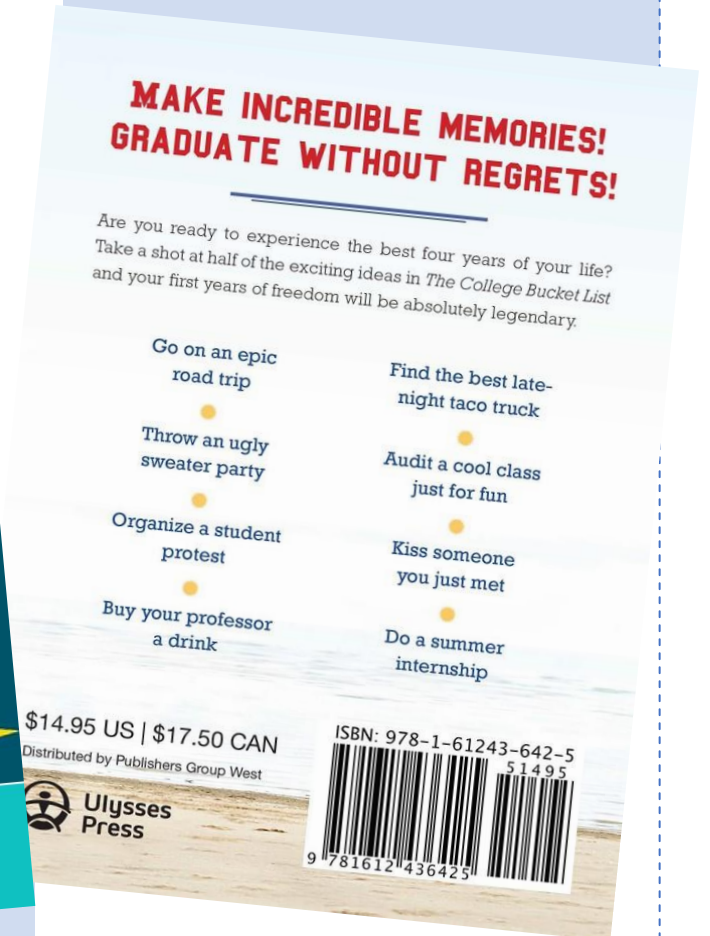
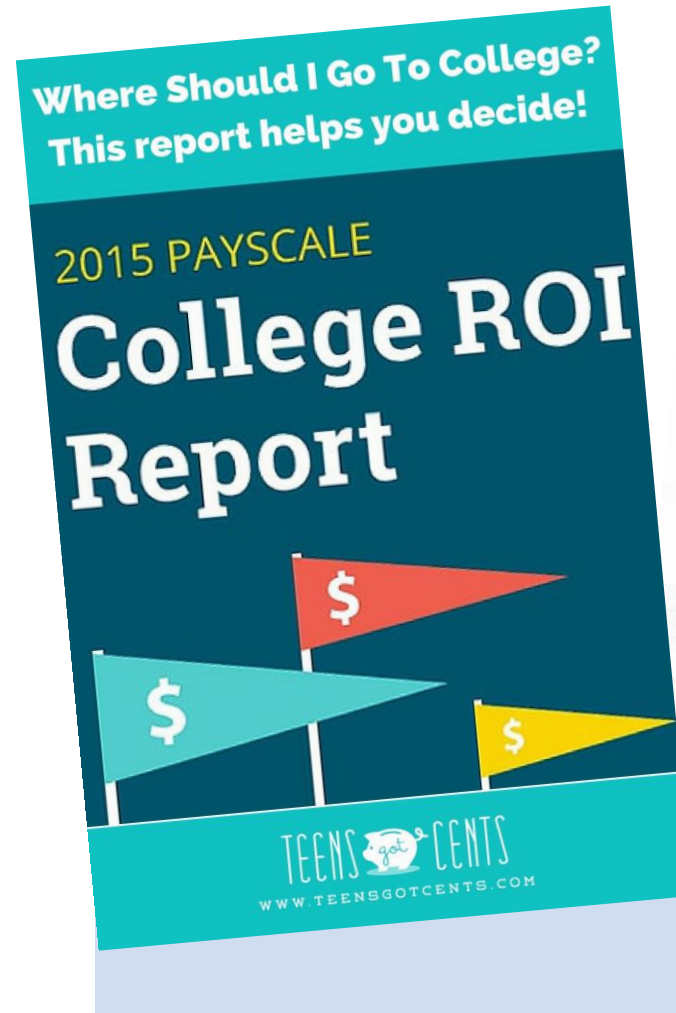
Best Four Years vs. ROI

What are students paying for?

- Four years of great experiences to celebrate the culmination of youth

OR

- Four years of rigorous learning to prepare for the challenges of adulthood



An Increasingly Dangerous Calculus

- The gap between what families can pay and what HEIs want to charge strains
- Borrowing becomes the dominant way to bridge the gap
- As the economy sputters, the public begins to interpret price differently
- Stories of students/families decimated by college debt expose the perils of getting that calculus wrong



Part 2 - The TuitionFit Project

- The truth is out there
- Crowdsourcing college price transparency
- Protecting anonymity
- Comparing prices and offers

The Truth is Out There

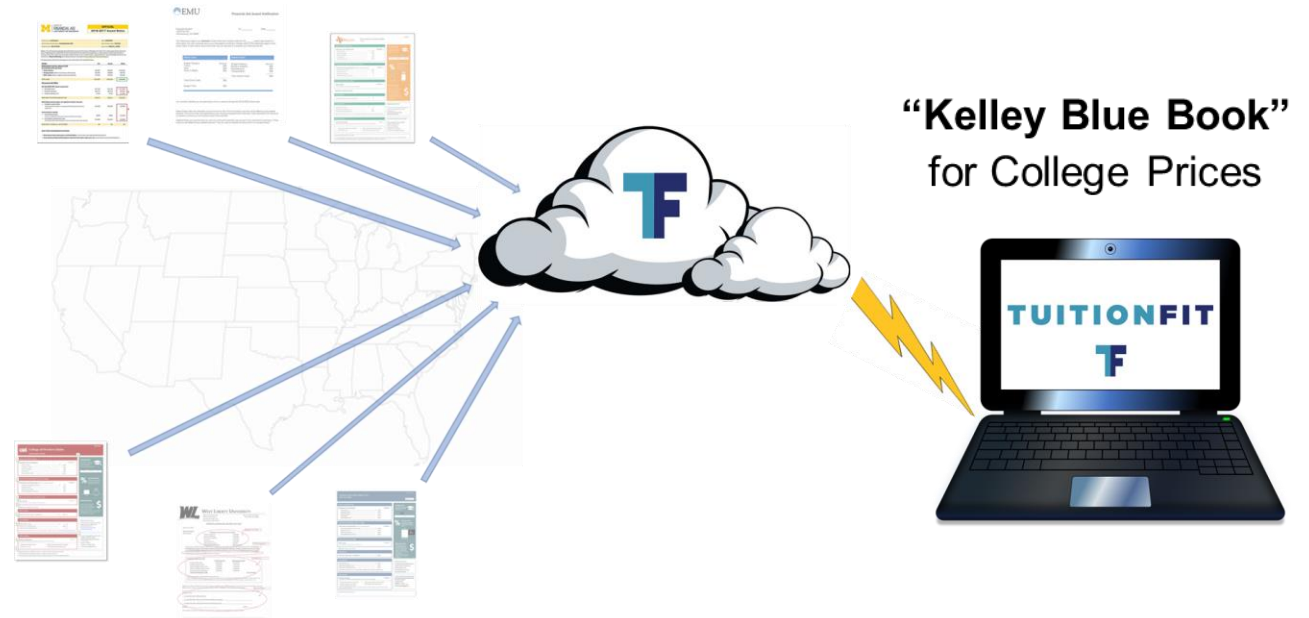


- The dominant college pricing narrative has become about affordability or questionable ROI
- Yet the range of net prices indicates that for many, affordable/positive ROI options do exist
- The public narrative confuses:
 - *“The colleges where I applied and was accepted are unaffordable to me”*
 - with
 - *“All colleges are unaffordable to me”*


Crowdsourcing College Price Transparency

TuitionFit enables the public to compare financial aid award offers

- Users share the financial aid award offers letters they receive
- TuitionFit verifies the letter, anonymizes the personally identifiable information (PII), then calculates the actual price
- Free exchange of information: individual shares to see offers shared by other students with similar need & merit



Protecting Anonymity


2019-2020 Financial Aid Notification

Annual Cost of Attendance (Estimated)			
Direct Costs (paid to Hendrix)	Fall 2019	Spring 2020	Total
Tuition and Fees	\$ 23,800	\$ 23,800	\$ 47,600
Housing and Meals	\$ 6,230	\$ 6,230	\$ 12,460
Total Estimated Direct Costs	\$ 30,030	\$ 30,030	\$ 60,060
Indirect Costs (possible expenses)			
Books and supplies	\$ 550	\$ 550	\$ 1,100
Transportation/Personal	\$ 1,450	\$ 1,450	\$ 2,900
Loan Fees	\$ 30	\$ 30	\$ 60
Total Estimated Cost of Attendance	\$ 32,060	\$ 32,060	\$ 64,120

Scholarships and Grants (Estimated Gift Aid)			
	Fall 2019	Spring 2020	Total
Institution Grant(s)			
Hendrix Advantage Plus	\$10,015	\$10,015	\$20,030
Hendrix Academic Scholarship	\$12,500	\$12,500	\$25,000
FAFSA Early Filer Grant	\$500	\$500	\$1,000
Hendrix Visit Award	\$250	\$250	\$500
Federal Grant(s)			
Federal Pell Grant	\$2,723	\$2,723	\$5,445
Total Grant(s)	\$25,988	\$25,987	\$51,975

Loans (Estimated Self-Help)			
	Fall 2019	Spring 2020	Total
Fed Direct Subsidized Stafford Loan	\$1,750	\$1,750	\$3,500
Fed Direct Unsubsidized Stafford Loan	\$1,000	\$1,000	\$2,000
Total	\$2,750	\$2,750	\$5,500

Work Study (Estimated)			
	Fall 2019	Spring 2020	Total
Federal Work Study	\$1,000	\$1,000	\$2,000
Total Work Study	\$1,000	\$1,000	\$2,000

Any student authorized to work in the U.S. can participate in the Hendrix Work Program. Earnings are paid directly to the student as it is earned and is not included in the Out-of-Pocket calculation.

Please see the back of this award notification for next steps and additional information

How Much Could I Owe Hendrix?

Estimated Direct Costs	\$ 60,060
Estimated Gift Aid	\$51,975
= \$8,085	
<small>Net cost after gift aid is applied</small>	
Estimated Loans	\$5,500
= \$2,585	
<small>Estimated annual owed amount</small>	

Your estimated Out-of-Pocket Costs (total Cost of Attendance less total gift aid) for the 2019-2020 year is **\$12,145**. This is based on your expected Family Contribution (EFC) and full-time enrollment.

- Sharing financial aid awards is a trust exercise that the user controls
- All PII is redacted, along with named awards that could help to identify the recipient
- User has final authority to approve or reject redactions before offer is published into the system

Comparing Prices and Offers

- TuitionFit compiles actual financial aid award offers and actual prices
- Prices are organized by the need and merit profile of the student who received and shared it

*TuitionFit **does not** predict prices*

*TuitionFit **does not** recommend HEIs*





Transparent Pricing Data
Should be Equally Accessible
to All Market Participants

- More than ever, HEI and the public need each other
- Value and ROI are dominant factors in the college decision
- But one cannot determine value WITHOUT KNOWING PRICE

How often do ideal prospects choose to apply elsewhere because they believe it will be cheaper?

How often are they wrong?

Part 3 – How Data can Help You

- Compete on Price
- Compete on Value
- Compete on Financial Aid
- Evolve your Funnel

Compete on Price

Market pricing information helps HEIs at three stages of the recruitment process

1. Set sticker price with confidence that it will attract more prospects than it repels
2. Set actual prices with confidence that your offers will be competitive
3. Negotiate appeals with confidence that you aren't "leaving money on the table"



Compete on Value

- Make stronger value arguments because you know more about your competitor's price and value claims
- Spend more of your energy demonstrating value unencumbered by lingering questions about price
- Strengthen your prospect's trust in you
- *Value Cannot Exist Without Price*



Compete on Financial Aid

- Set financial aid strategy with confidence that your offers will be competitive
- Be first to establish the price point from which you build a value argument
- Be more confident in the adjustments you make within your financial aid matrix
- Examine tuition reset and other major aid strategy considerations in a current market context



Evolve your Funnel

The old funnel model doesn't reflect how consumers shop anymore

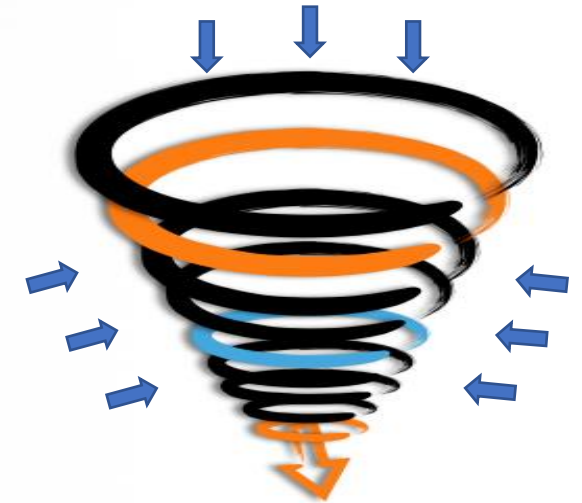
- Old funnel is linear and strict
- New funnel is fluid and flexible

Competitor pricing data empowers HEIs to adapt to match today's consumers and increased emphasis on value and ROI

A Single Way to Enter



Many Ways to Enter



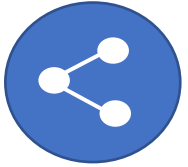


Questions?

Mark Salisbury, Ph.D.
mark@tuitionfit.org



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Contact Us:

Sara Henton

Sara.henton@stamats.com