Price Sensitivity Analysis

## How does our price compare?

How do we optimize price to achieve increased enrollment, net tuition revenue, or both?

What decisions are you considering?

- What are the goals of your price strategy?
  - More students
  - Better Students
  - Higher net revenue/student

- In what ways is your current price strategy working (or not)?

- What price strategy changes have already been discussed?
  - What is the reason/appeal for each?
  - Why do students attend? How are they defining value?
  - What other options do your students have/pursue?

- How effectively are you presenting price and aid?

- How do you make price change announcements?

- Are you training your recruitment/financial aid staff to discuss price?

Price Sensitivity Analysis

Value, price and aid interact to influence college choice
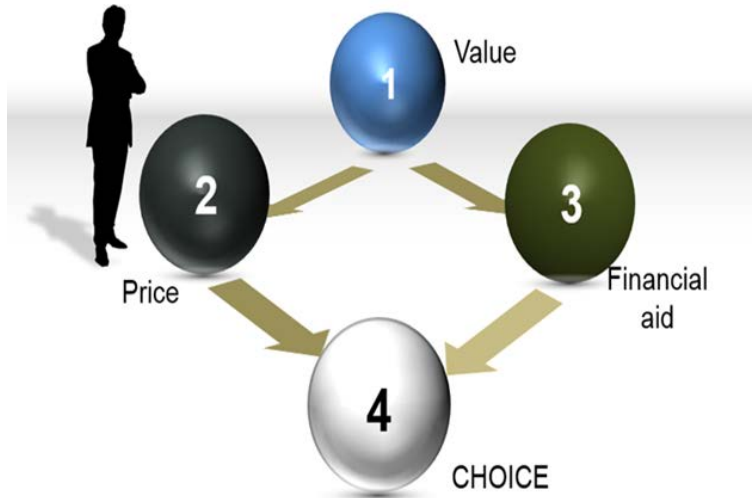
Benefits:
- Clarify actual competition
- Identify optimum pricing
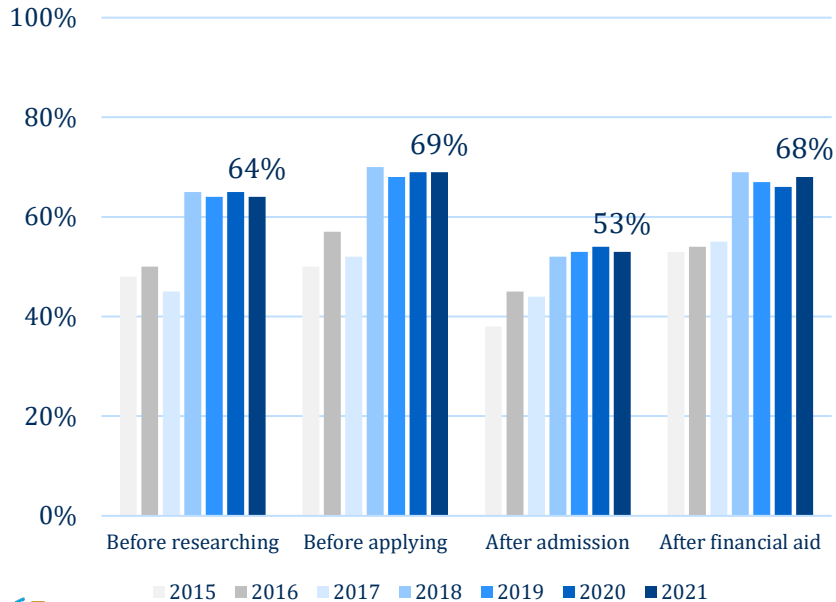- Adjust financial aid
- Re-position on price

Key features:
- Competition analysis
- Identifies quality attributes of high value
- Utilizes conjoint design
- Measures elasticity of demand with respect to sticker price, financial aid and net price

When do you remove a college from consideration?

Students

Elimination of Colleges based on Cost
(each point)

64% 69% 53% 68%

2015 2016 2017 2018 2019 2020 2021

Parents

Elimination of Colleges based on Cost
(each point)

55% 55% 37% 53%

2015 2016 2017 2018 2019 2020 2021

Before researching   Before applying   After admission   After financial aid
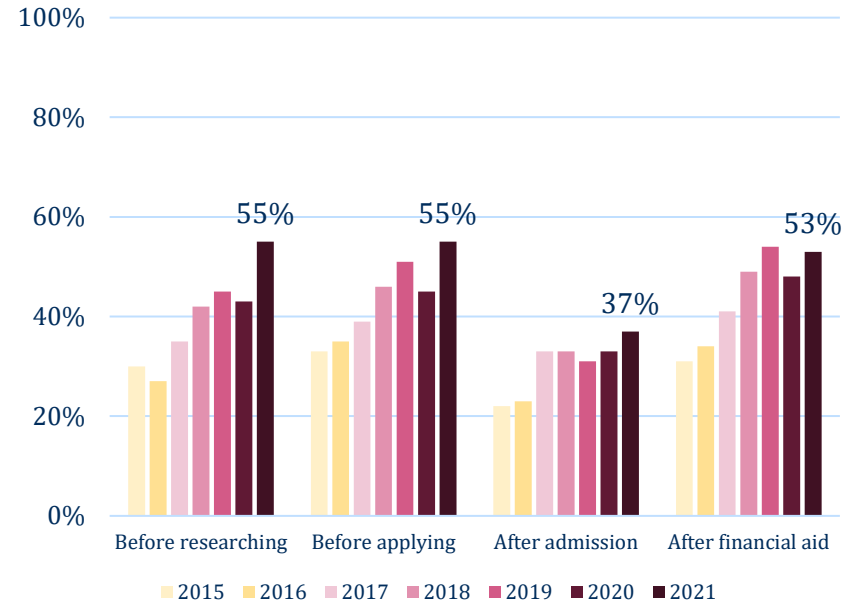
Composition of competitors by type

What percent of your competitors are enrolling at what types of institutions?

All Lost Admits to type of institution enrolled

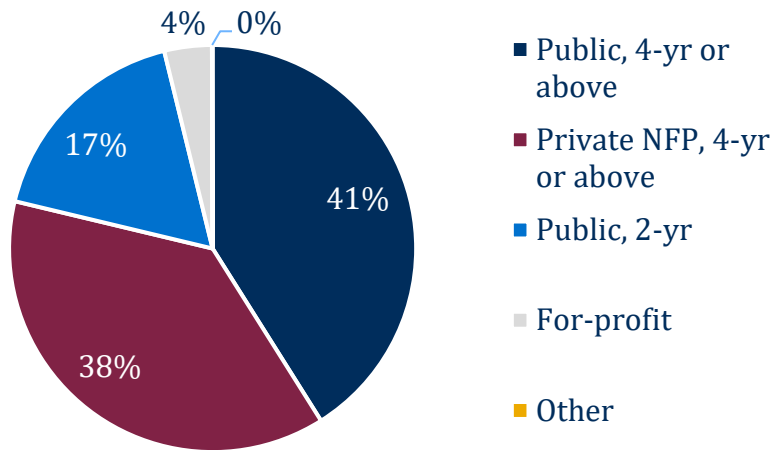- Public, 4-yr or above
- Private NFP, 4-yr or above
- Public, 2-yr
- For-profit
- Other

Are there consistent trends/changes in the composition of competitors?

Lost admits by type of institution enrolled through time

	2017	2018	2019	2020
For-profit	4%	4%	4%	4%
Public, 2-yr	16%	18%	17%	20%
Public, 4-yr or above	40%	41%	42%	41%
Private NFP, 4-yr or above	41%	37%	37%	36%

- Private NFP, 4-yr or above
- Public, 4-yr or above
- Public, 2-yr
- For-profit
- Other
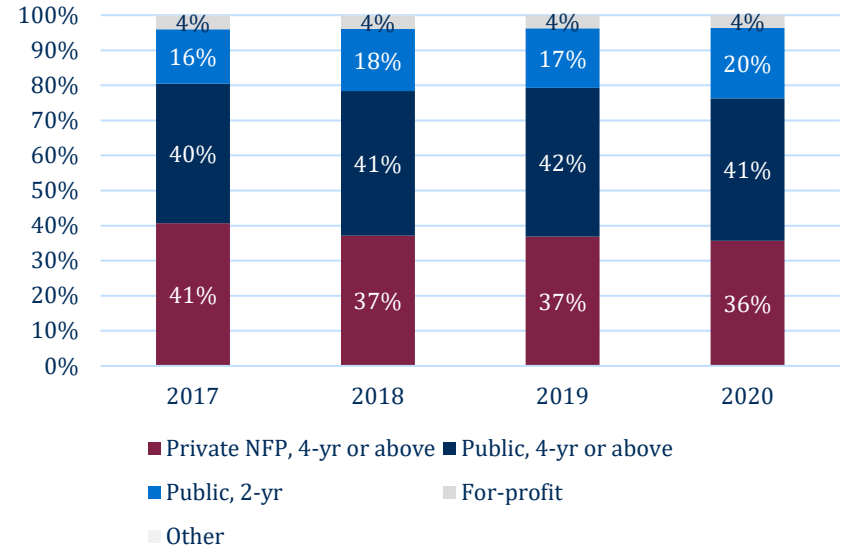
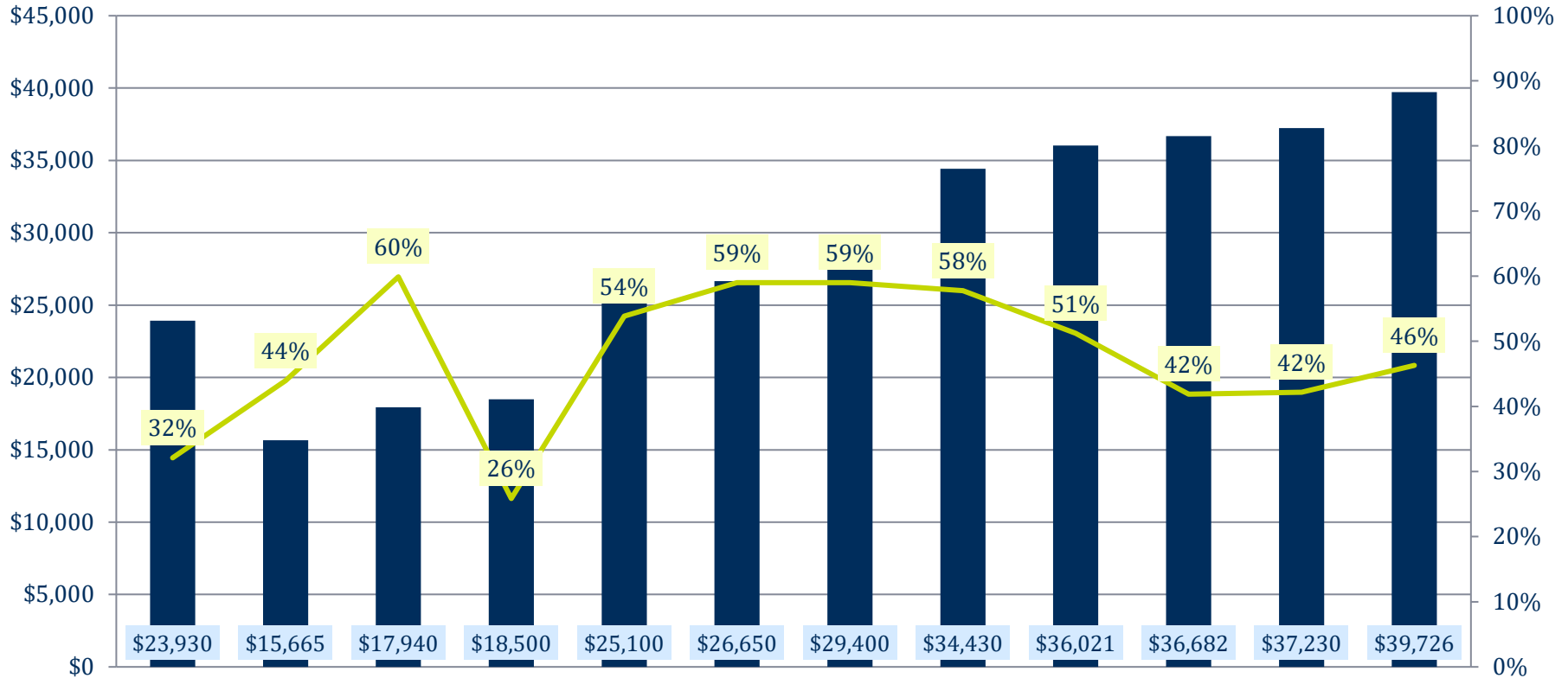# Top public 4-year competitors

22% all lost admits from top 15 public 4-year competitors

Lost admits to 4-yr public competitors

Legend: ■ # Lost Admits —●— % Sector —●— % All Lost Admits

Bar values: 536, 481, 307, 279, 265, 222, 221, 219, 177, 171, 170, 155, 151, 148, 125

Annotations: 28%, 54%, 22%
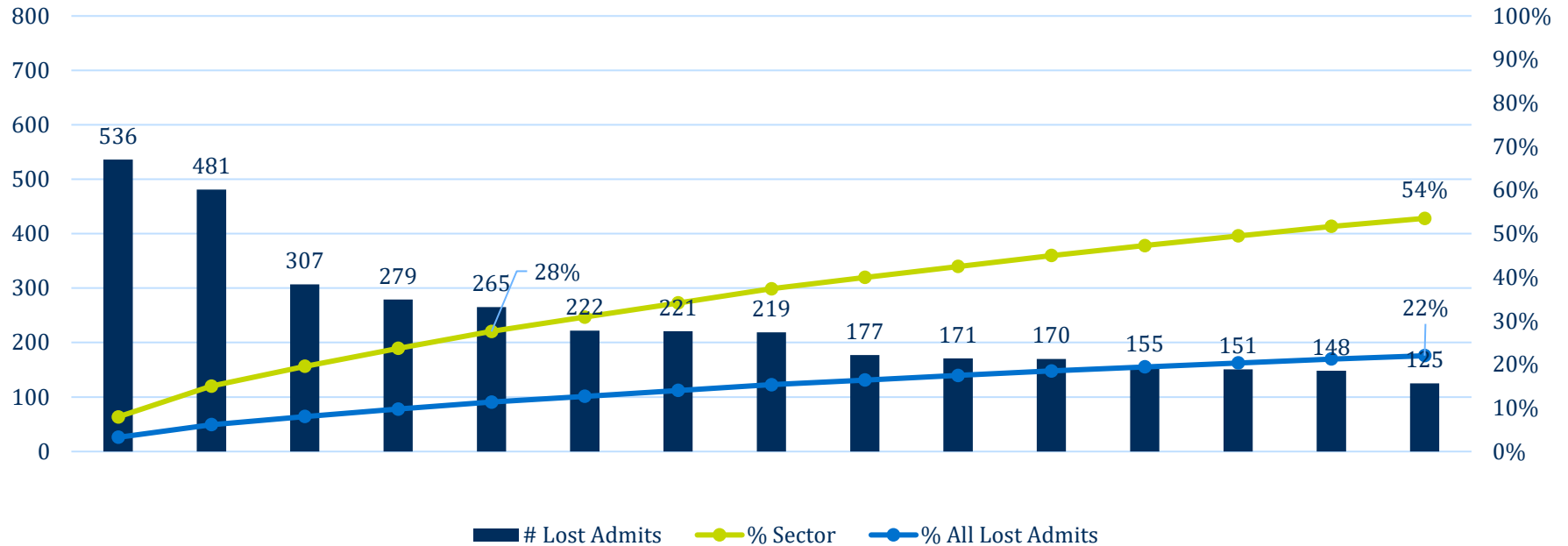
Tuition and Fees and Discount Rate for Top Private Competitors
(based on most recent IPEDS data)

32%	44%	60%	26%	54%	59%	59%	58%	51%	42%	42%	46%
$23,930	$15,665	$17,940	$18,500	$25,100	$26,650	$29,400	$34,430	$36,021	$36,682	$37,230	$39,726

Lost admits by published T&F

Seventy percent of last admits attend a lower priced institution
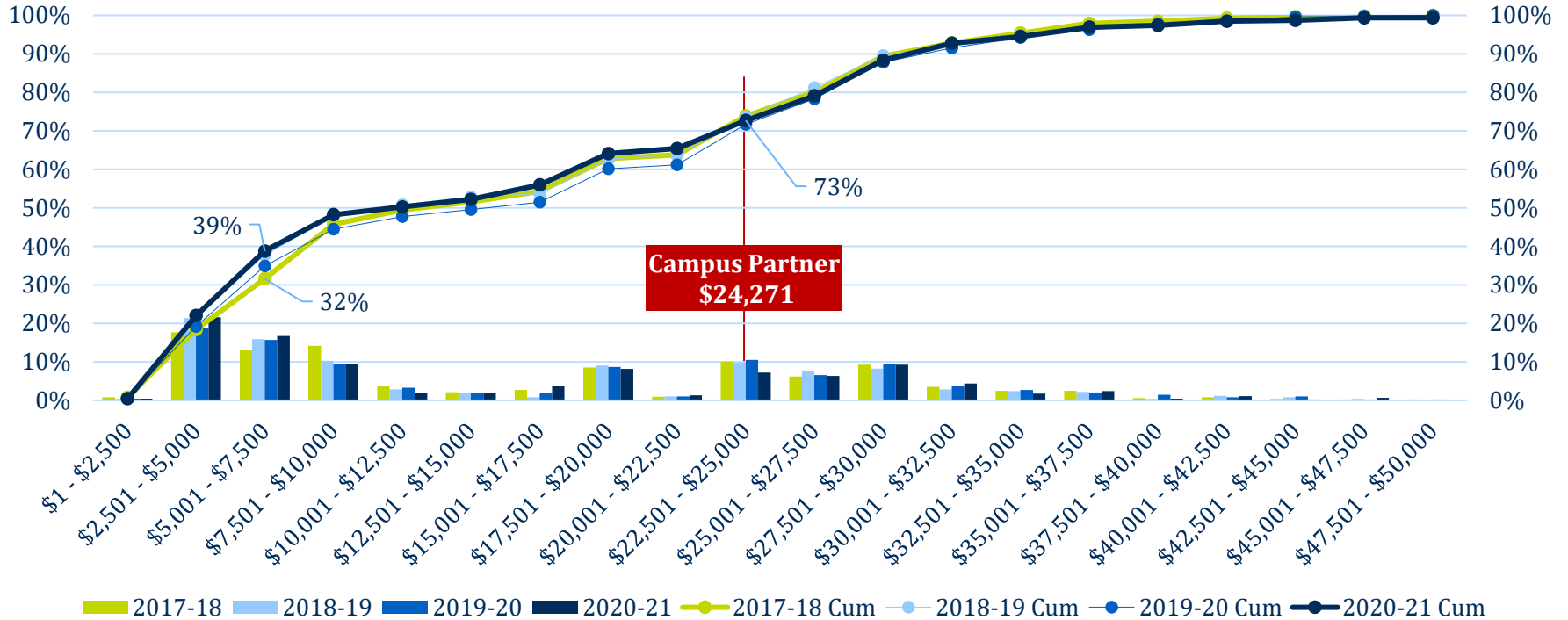
Understand published tuition and fees of institutions where lost admits enroll by the rates the student would have seen
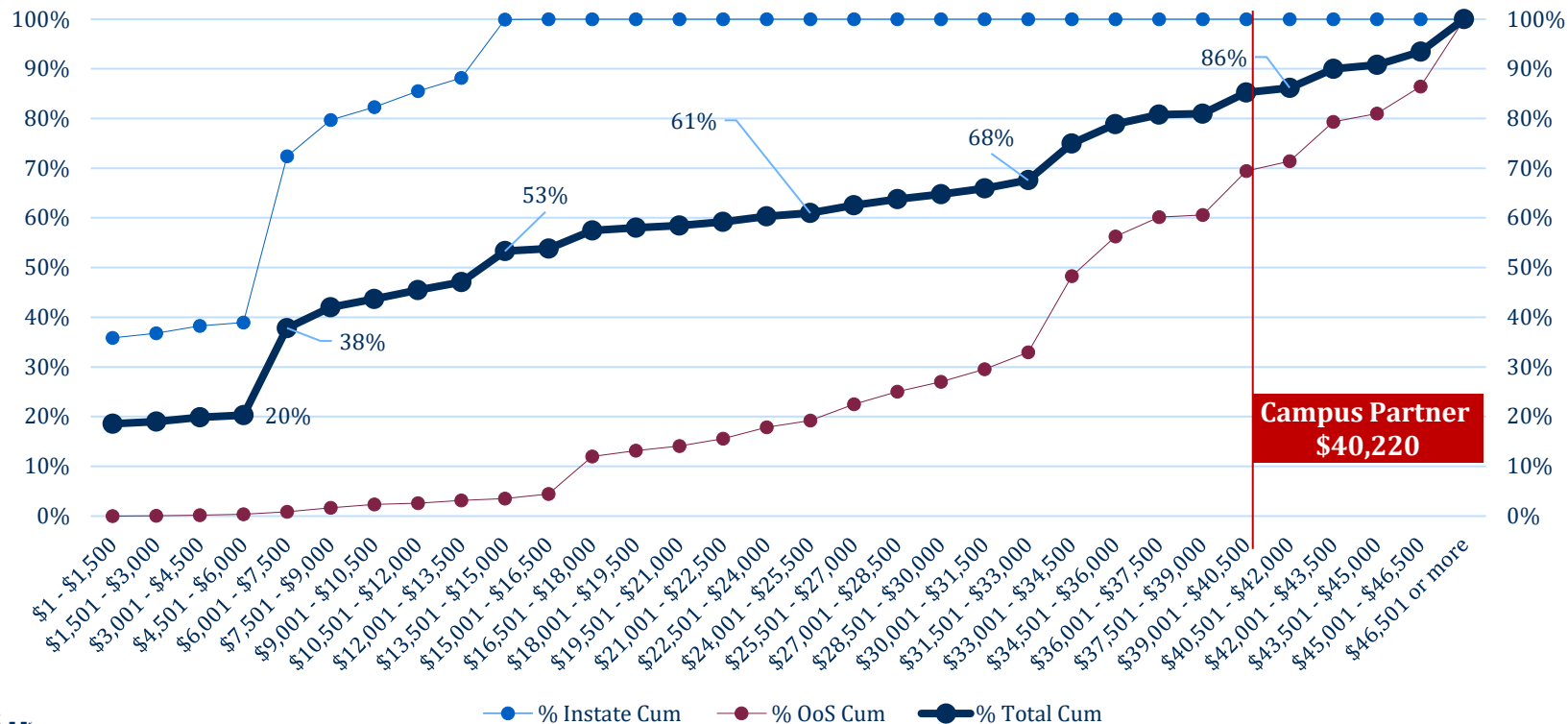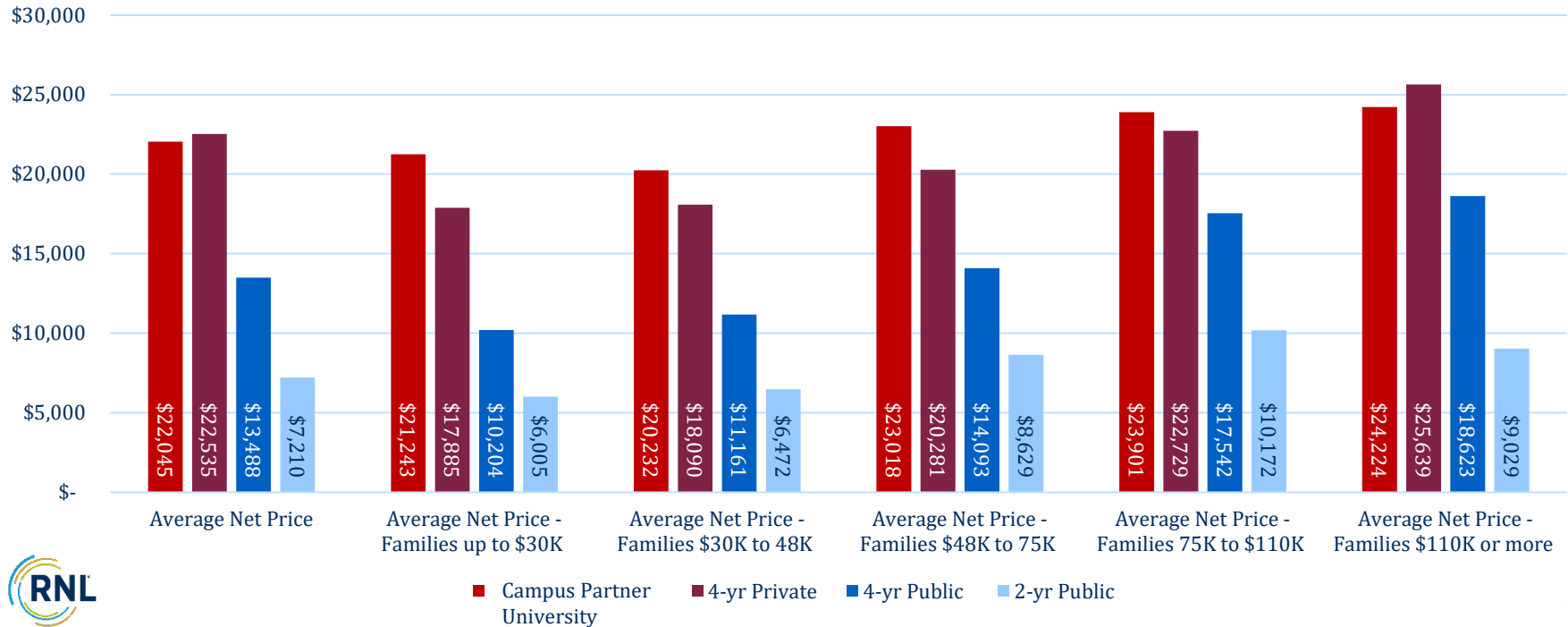
Lost admits by average net price

Institutional category and family income drive average net price

Average net price by institution attended

	Average Net Price	Average Net Price - Families up to $30K	Average Net Price - Families $30K to 48K	Average Net Price - Families $48K to 75K	Average Net Price - Families 75K to $110K	Average Net Price - Families $110K or more
Campus Partner University	$22,045	$21,243	$20,232	$23,018	$23,901	$24,224
4-yr Private	$22,535	$17,885	$18,090	$20,281	$22,729	$25,639
4-yr Public	$13,488	$10,204	$11,161	$14,093	$17,542	$18,623
2-yr Public	$7,210	$6,005	$6,472	$8,629	$10,172	$9,029

■ Campus Partner University   ■ 4-yr Private   ■ 4-yr Public   ■ 2-yr Public

RNL

Client price increases higher than other indices

Future options may be informed by past increases

Historic Increases

	FY2016	FY2017	FY2018	FY2019
HEPI	1.40%	3.40%	2.90%	2.50%
CPI	0.70%	1.80%	2.30%	1.60%
COLA	0.0%	3.0%	2.0%	2.8%
Client University	2.98%	3.86%	3.65%	3.49%

■ HEPI ■ CPI ■ COLA ■ Client University
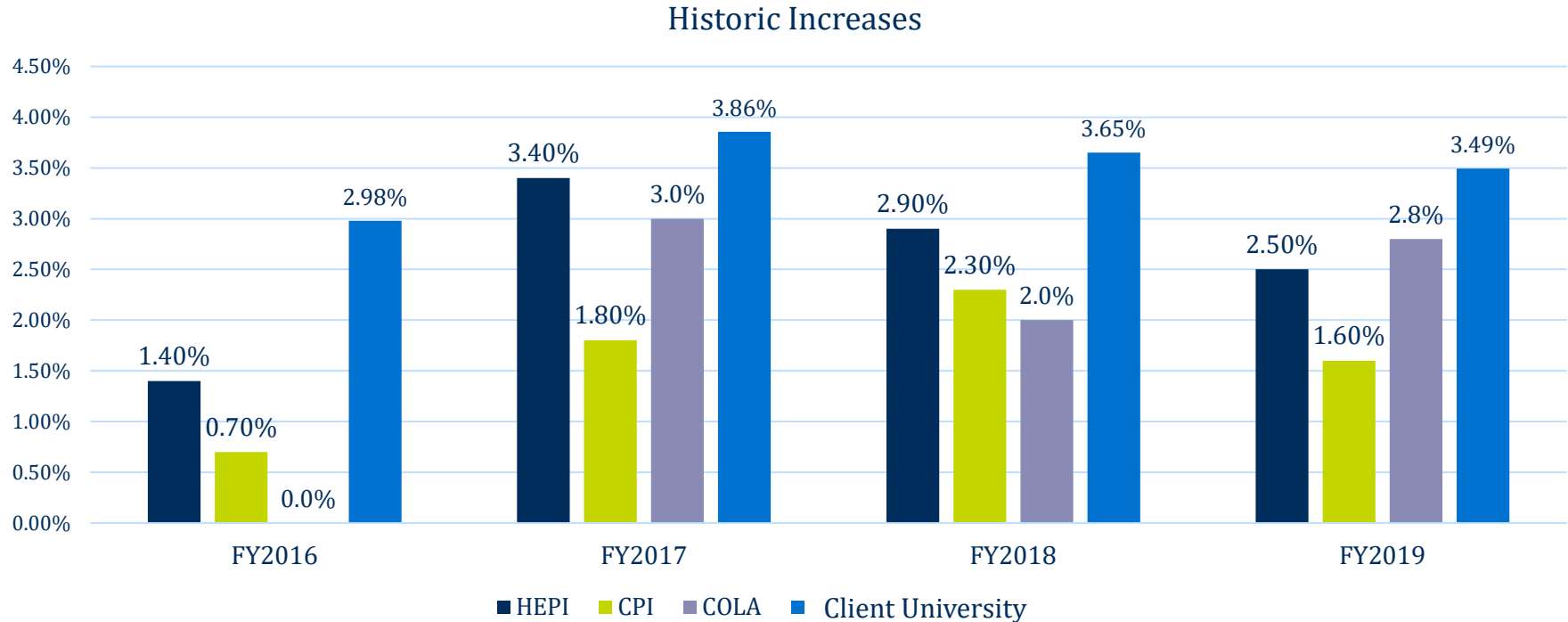
Students rate their in-state public institutions as best on most of the top college choice factors

Which of these schools do you think is best for . . . ?
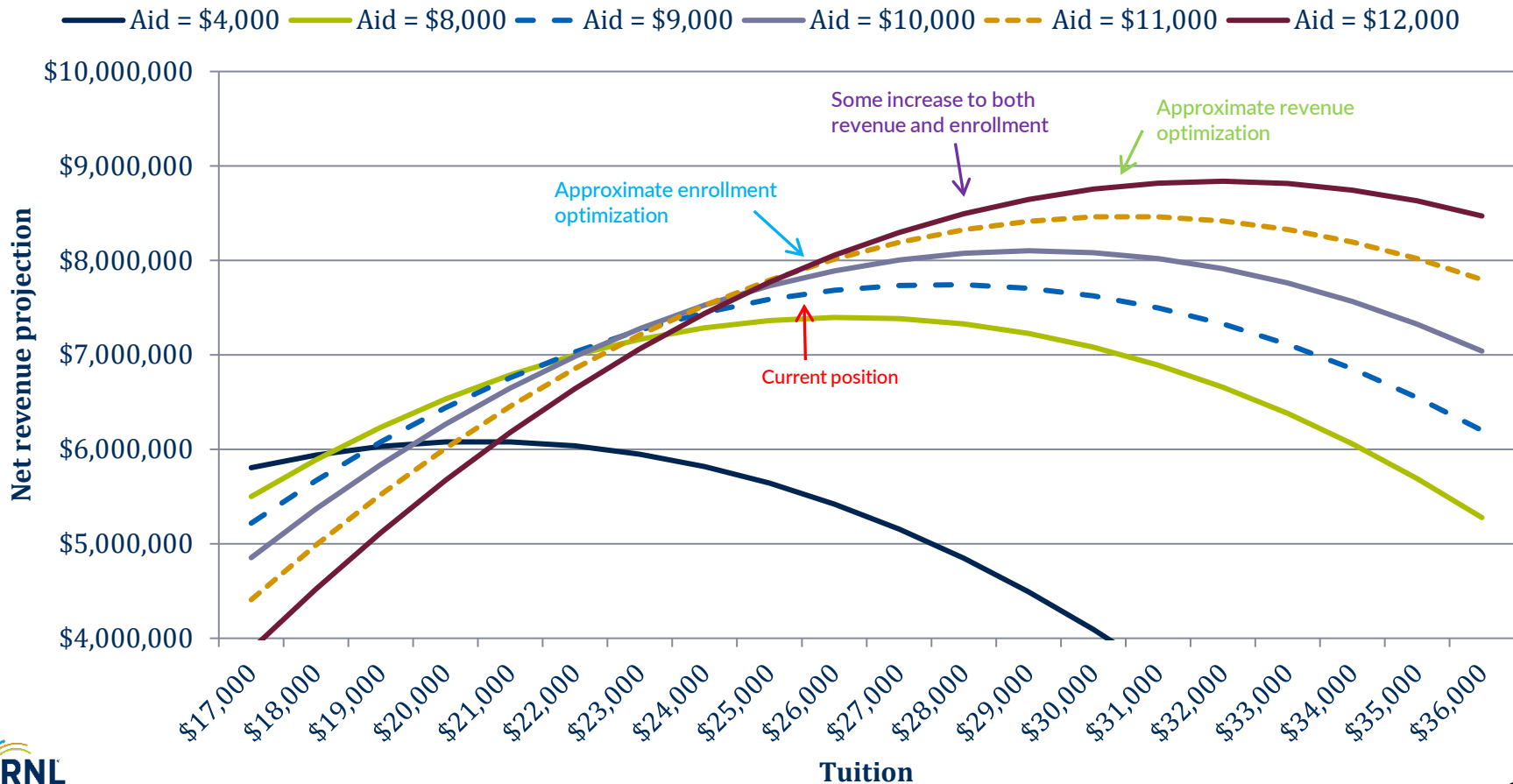### STUDENTS

Legend: Franciscan University (Client University) | Public schl | Private schl | % Very important

Data points:
- Quality of program: Franciscan University 15%, Public schl 42%, Private schl 7%, % Very important 85%
- Quality of faculty as teachers: Franciscan University 22%, Public schl 21%, Private schl 7%, % Very important 78%
- Scholarships: Franciscan University 8%, Public schl 27%, Private schl 11%, % Very important 74%
- Graduates get good jobs: Franciscan University 5%, Public schl 43%, Private schl 4%, % Very important 71%
- Tuition: Franciscan University 8%, Public schl 42%, Private schl 8%, % Very important 67%
- Financial aid: Franciscan University 9%, Public schl 25%, Private schl 9%, % Very important 67%

Enrollment Estimates

Net Revenue Optimization

Example findings and recommendations

- The analysis found:
  - A strategy of keeping tuition the same and boosting discount rate could elicit the largest increase to enrollment while increasing revenue slightly

  - A strategy of increasing tuition at somewhat higher than historical rates while also increasing discount rate incrementally has the potential to increase both headcount and NTR

  - A strategy of increasing price and increasing discount rate has the potential for the largest increase to NTR while keeping enrollment steady

- Other recommendations:
  - Continue your marketing communications targeted at boosting your brand, especially for the most critical college choice factors

  - Ensure price, value, and quality attribute optics rise to the level of your prospective pool

Custom Image and Perception

How are we perceived?
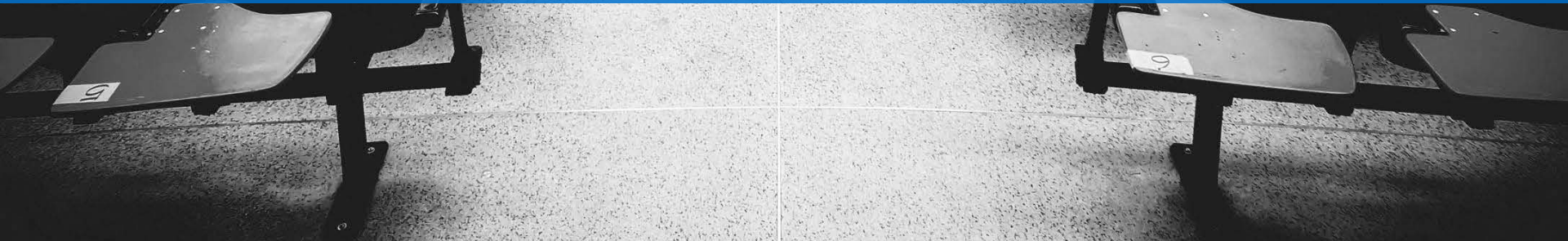
What are the big questions?

Research approach should target real strategic concerns

- What is the primary goal of this study?
  - Refresh/update brand identity
  - Assess brand strength
  - Measure impact of a brand event

- What is the state of your brand?
  - Awareness
  - Relevance
  - Preference

- How do you differentiate your institution in ways that are meaningful and valuable?
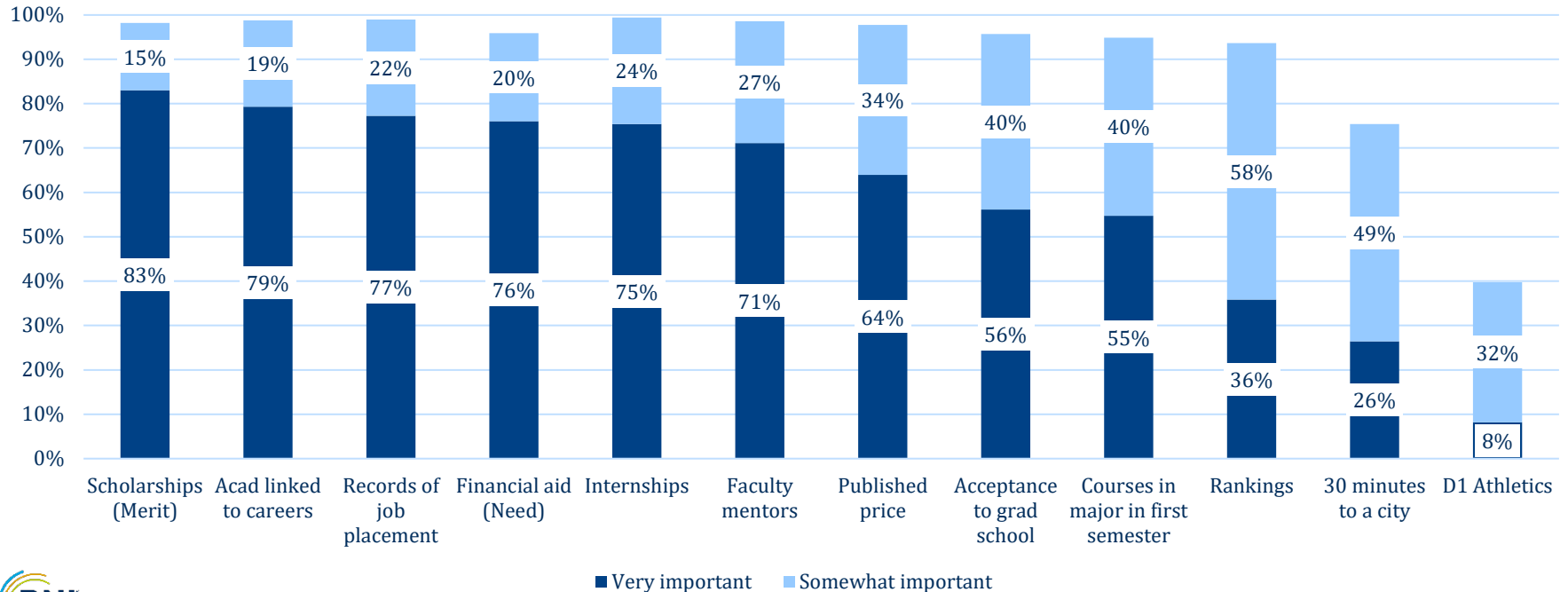

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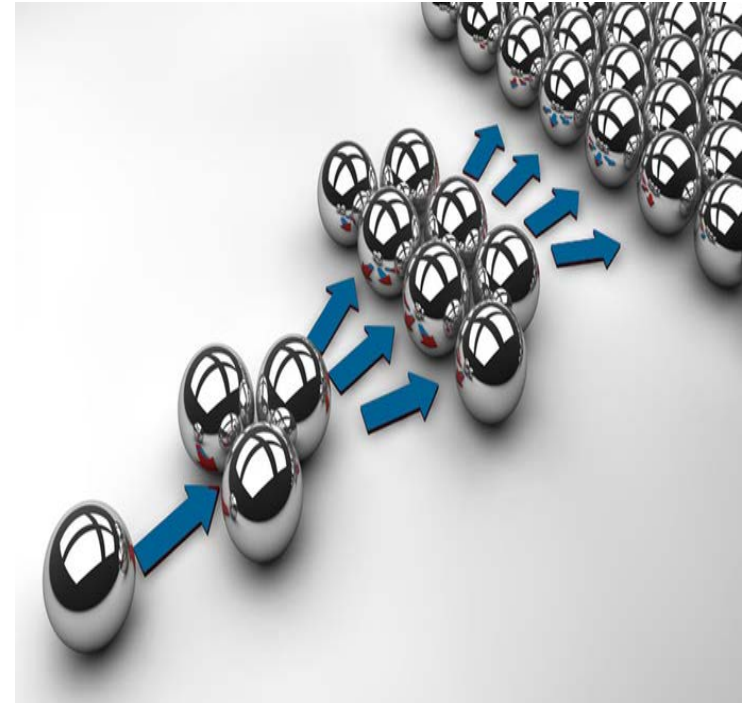
How will we answer these questions?

We recommend a mixed-methods approach:

- Focus Groups to capture the voice-of-customer experiencing the brand

- Surveys of key audiences to learn search priorities and current perceptions:
  - Prospective students
  - Parents of prospective students
  - Others
    - Community members
    - Business leaders
    - Alumni
    - Guidance Counselors/Recommendation writers

- Other instruments/approaches as needed

Quality attributes by frequency of very important

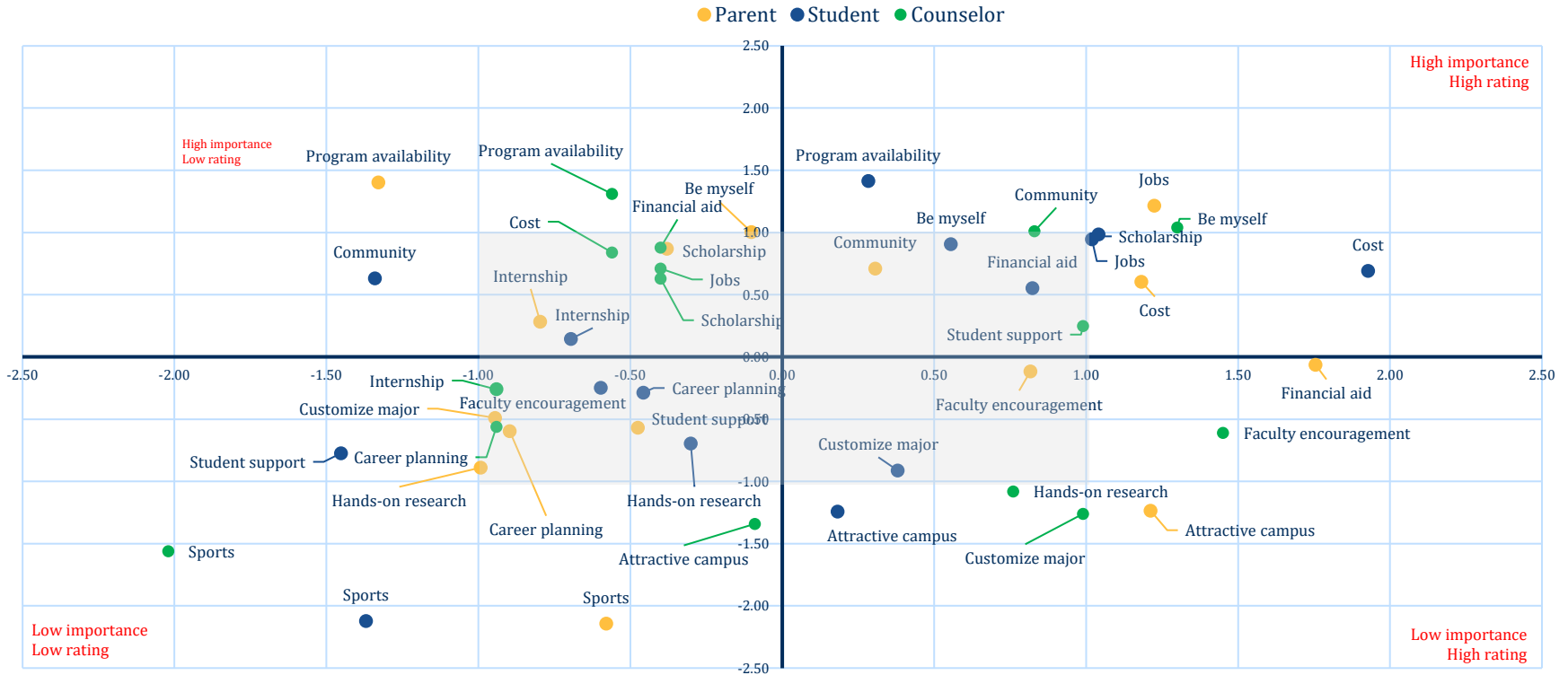## How important are each of the following when choosing a college or university?
STUDENTS

	Scholarships (Merit)	Acad linked to careers	Records of job placement	Financial aid (Need)	Internships	Faculty mentors	Published price	Acceptance to grad school	Courses in major in first semester	Rankings	30 minutes to a city	D1 Athletics
Somewhat important	15%	19%	22%	20%	24%	27%	34%	40%	40%	58%	49%	32%
Very important	83%	79%	77%	76%	75%	71%	64%	56%	55%	36%	26%	8%

■ Very important ■ Somewhat important

20

Quality attribute importance - Comparative

Quality attribute importance - Summary

Parents
Students
Counselors
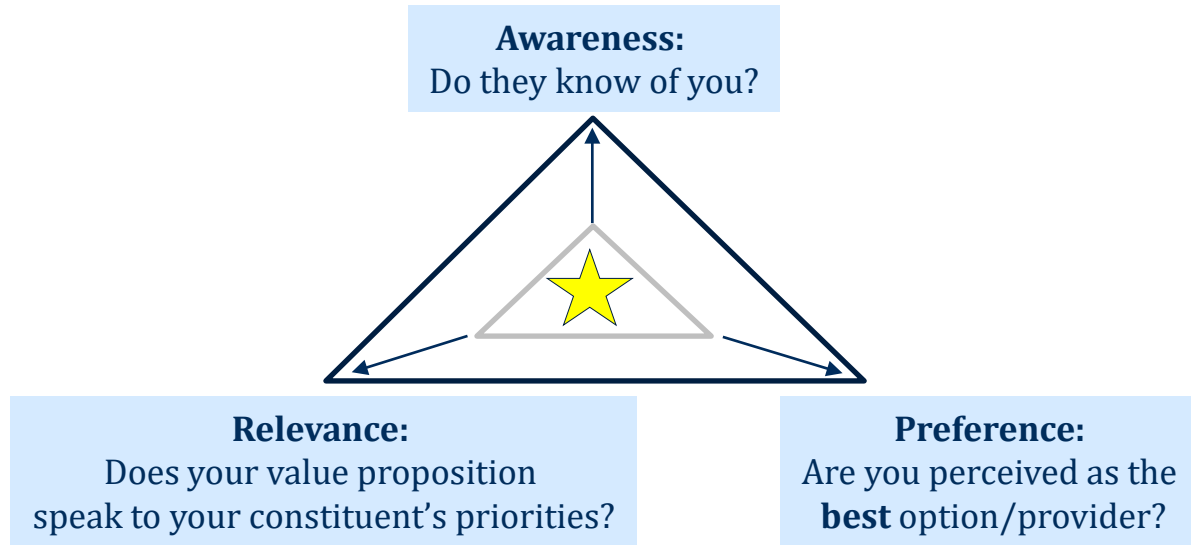
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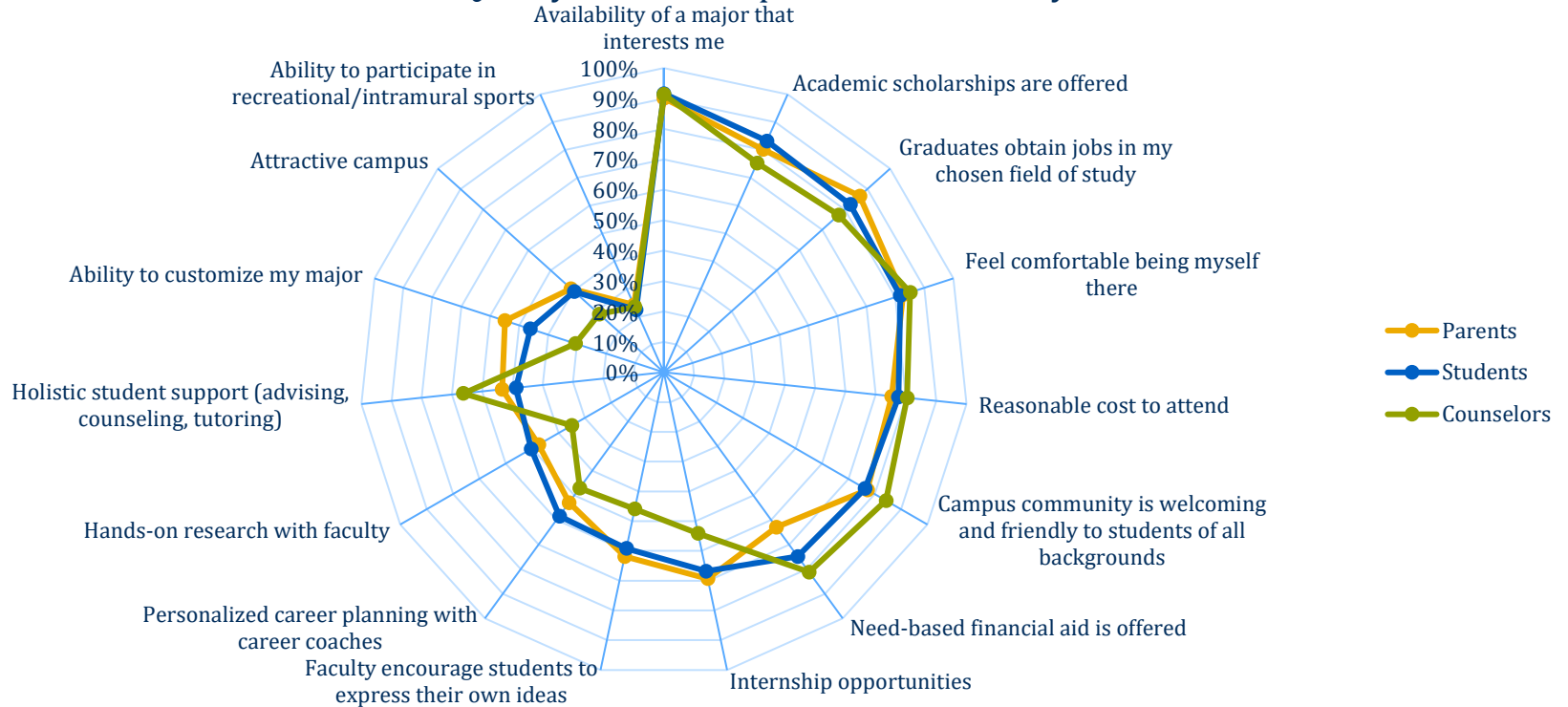
Quality attribute perception - Comparative

Research ends in strategy-session with recommendations to build brand power

Awareness:
Do they know of you?

Relevance:
Does your value proposition
speak to your constituent's priorities?

Preference:
Are you perceived as the
best option/provider?

Questions?

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