RNL NC ALTERING the LANDSCAPE

Reset, Freeze, or Increase: How to Make Pricing Part of Your Strategy

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Price ... Strategy

“Price is what you pay.
Value is what you get.”

— Warren Buffet

Price Strategy

A data-informed, intentional approach to setting price that helps a college or university achieve its mission and strategic goals

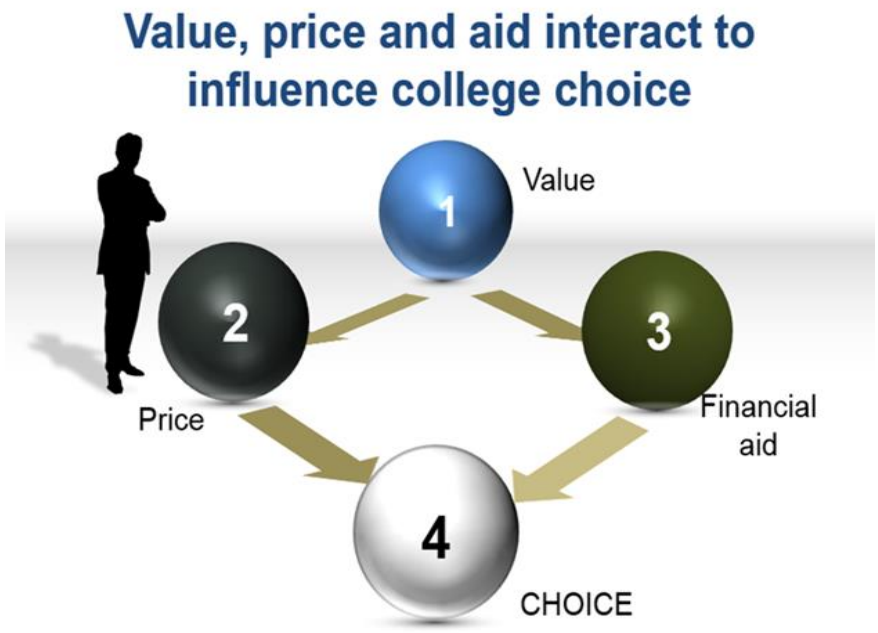
How higher education sets price…

Using one or more of the following

- Benchmarked or indexed to peers or competitors
- To balance a budget or ensure resources for operations or strategic investment
- In alignment to mission or institutional sector or type
- Differentiated
- Emerges mysteriously
- Market informed and optimized

An intersection between price, brand, and value

A few models to consider



Can you answer the following?

And do so honestly…

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

What other institutions are you competing with and how does your price compare?

Why do students attend? What is your value proposition? What is your market position?

How effectively are you communicating price and aid?

How do you make price change announcements?

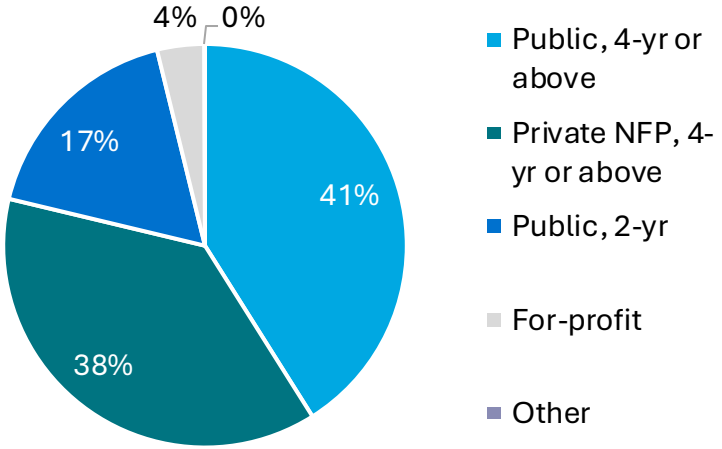
What are the price and aid sensitivities of your students and families?

Understanding the Market: Competition and Price Sensitivity

Market onsights

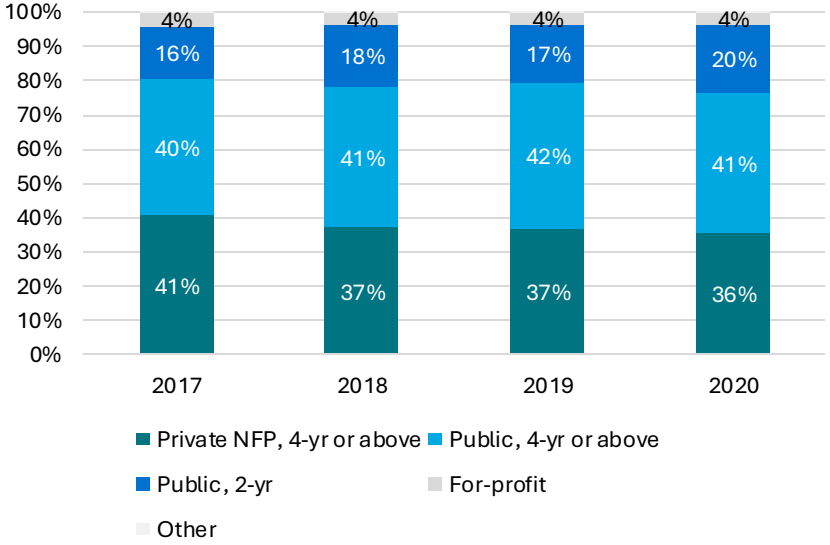
What percent of your competitors are enrolling at what types of institutions?

All lost admits to type of institution enrolled



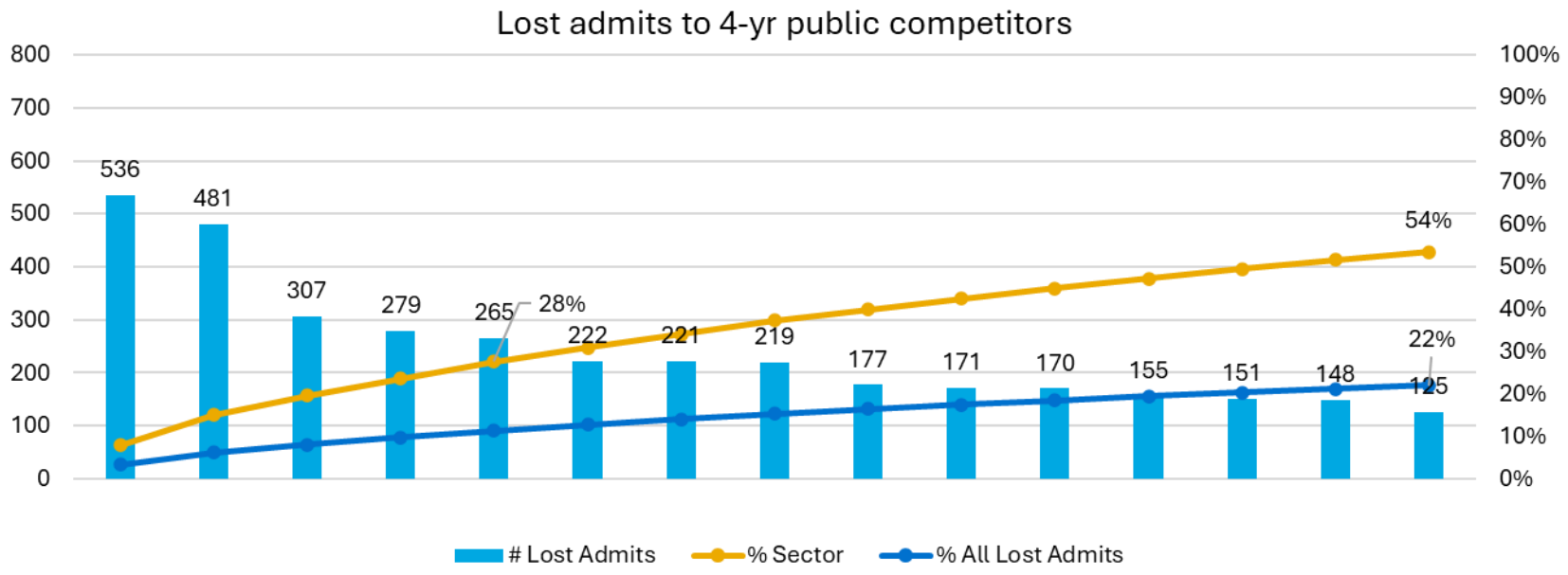
Are there consistent trends/changes in the composition of competitors?

Lost admits by type of institution enrolled through time



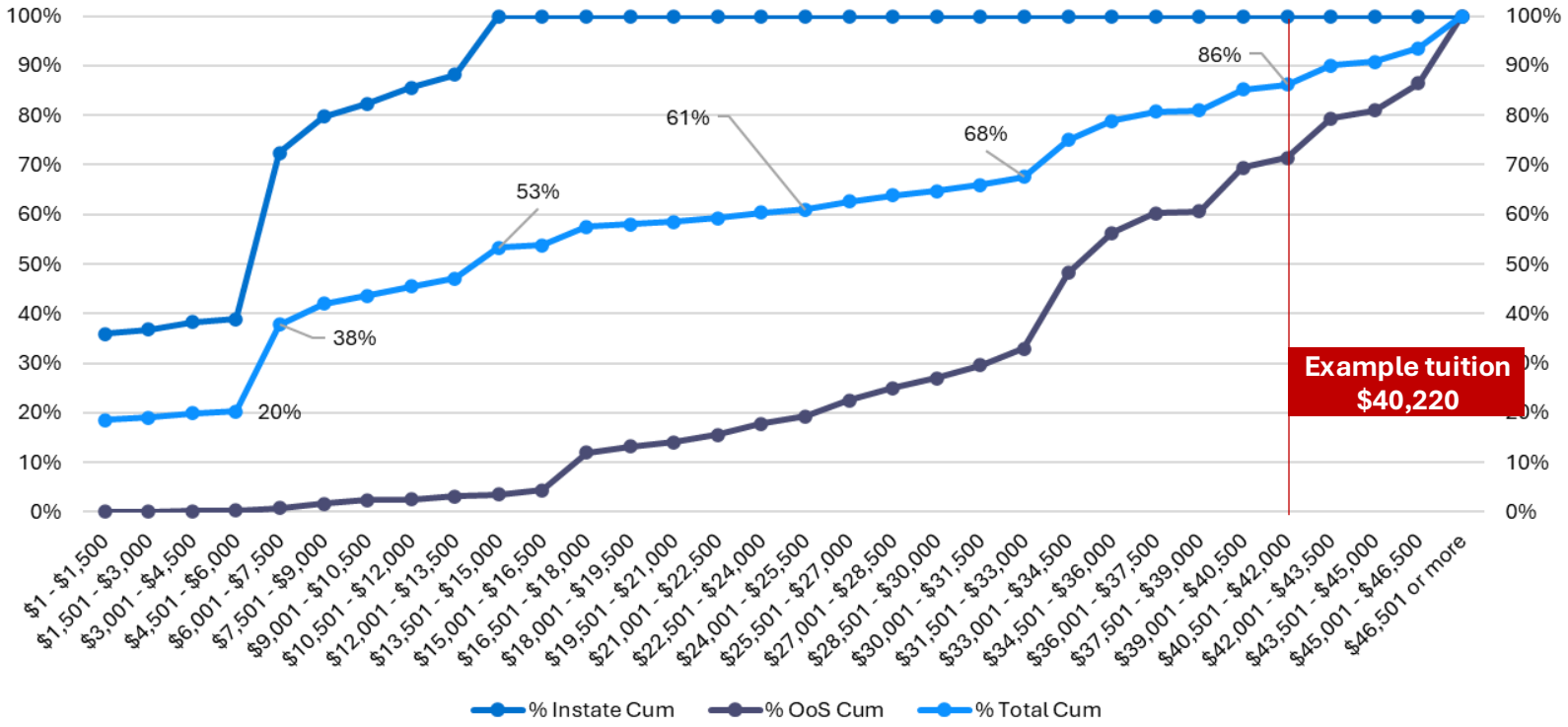
Market insight

Competition analysis – Understanding lost admits



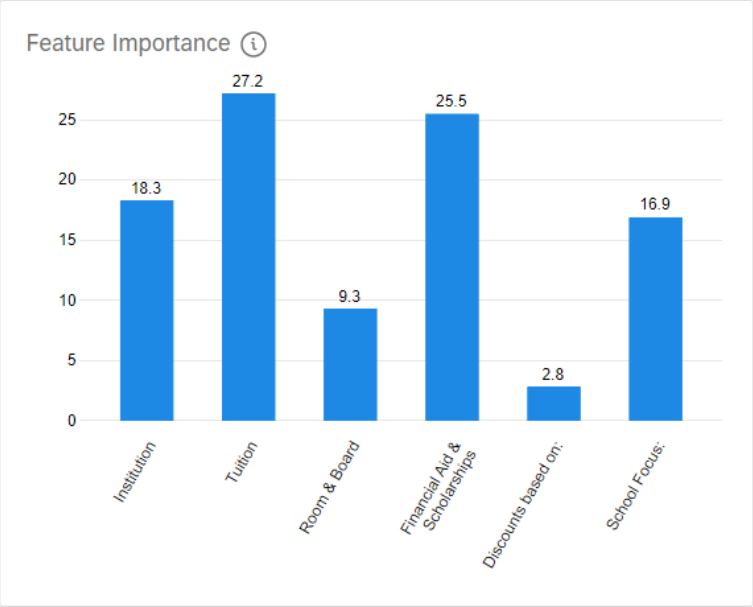
Market insight

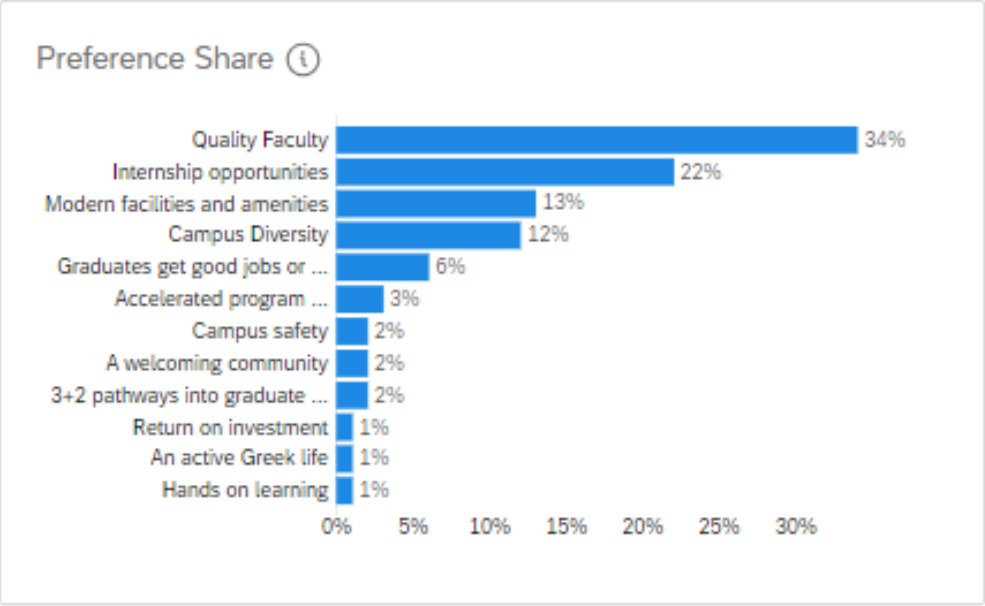
Competition analysis – Lost admits tuition and fees positioning



Summary of market feature preferences

Analyze the impact of features and attributes on enrollment behavior

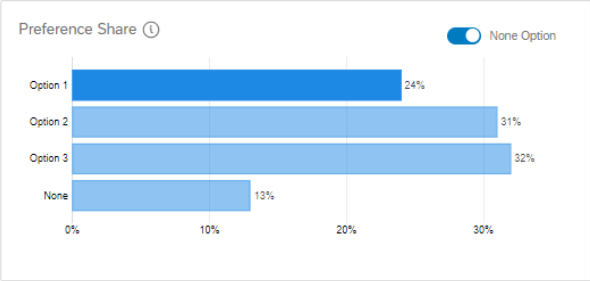


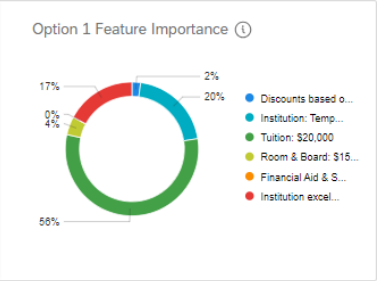


Virtual Marketplace Simulator

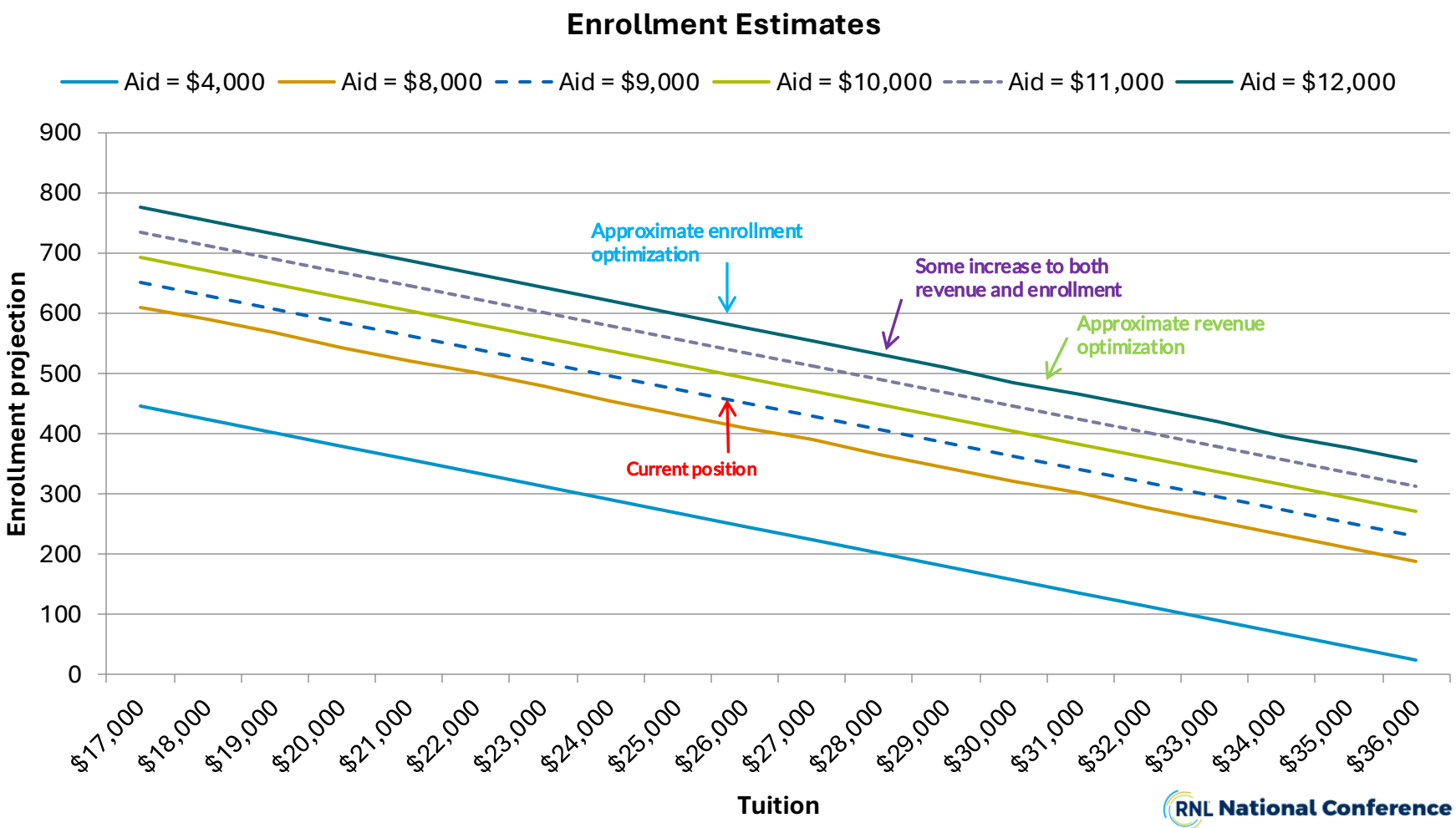
Allows for multiple-scenario optimization and segmentation

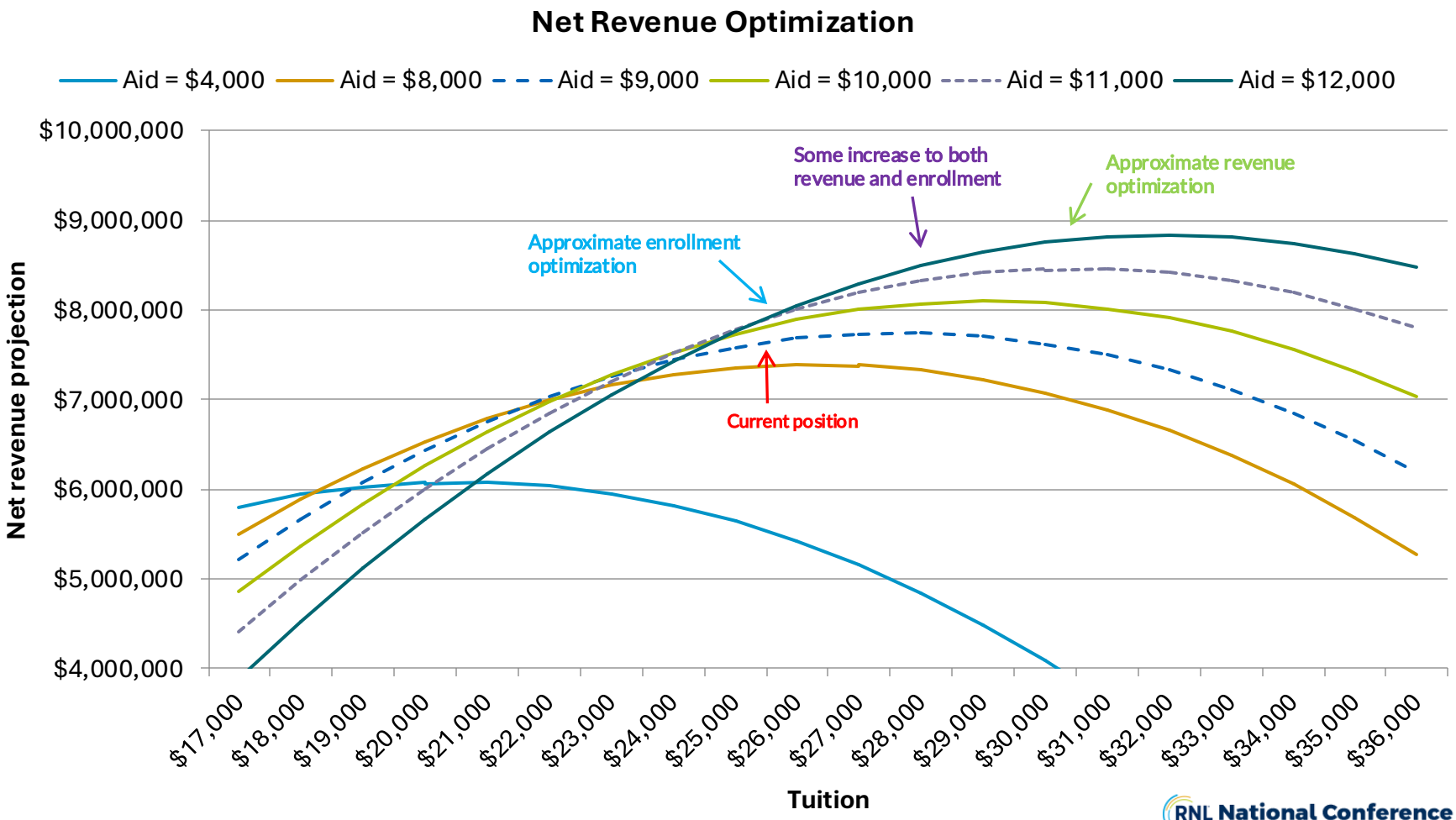
	Institution 1	Institution 2	
Institution	Campus Partner	Competitor 1	
Tuition	$20,000	$65,000	
Room & Board	$15,000	$15,000	
Financial Aid & Scholarships	$5,000	$25,000	$5,000
Discounts based on:	Scholarships (Based on Merit)	Scholarships (Based on Merit)	Scholarships (Based on Merit)
Institution excels at:	Quality Faculty	Quality Faculty	Quality Faculty
Price	$30,000	$55,000	$20,000
	24 % +/- 15%	31 % +/- 16%	32 % +/- 17%





Enables campus partners to further explore price, aid, and marketing strategies beyond the delivery of survey results.


Enrollment Estimates
Aid = $4,000
Aid = $8,000
Aid = $9,000
Aid = $10,000
Aid = $11,000
Aid = $12,000
Enrollment projection
900
800
700
600
500
400
300
200
100
0
Approximate enrollment optimization
Some increase to both revenue and enrollment
Approximate revenue optimization
Current position
$17,000
$18,000
$19,000
$20,000
$21,000
$22,000
$23,000
$24,000
$25,000
$26,000
$27,000
$28,000
$29,000
$30,000
$31,000
$32,000
$33,000
$34,000
$35,000
$36,000
Tuition


Net Revenue Optimization
Aid = $4,000
Aid = $8,000
Aid = $9,000
Aid = $10,000
Aid = $11,000
Aid = $12,000
$10,000,000
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
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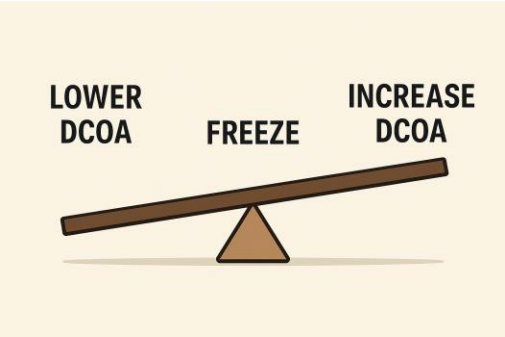
$35,000
$36,000
Tuition

Results: What you can influence



Market messages and mindshare (that accurately represent your institution)

- Brand
- Quality
- Value
- Niche
- Alignment to what the market seeks (often strong academics and outcomes)

Considering Viable Options

Tuition reset

Do your homework!

- Research
- Know your institution
- Know your families
- Understand the risks
- Should be part of a larger strategy

Potential benefits

- Increase NTR
- Increase enrollment
- Decreased student loan debt
- Increase brand position

Case Study

UTICA UNIVERSITY

Additional Information
https://www.ruffalonl.com/papers-research-higher-education-fundraising/utica-college-embraces-strategic-pricing-to-lower-tuition-cost-for-families-while-increasing-enrollment/

Flat Rate Tuition | Tuition Guarantee

"Beginning in fall 2024, Stetson Law changed how we charge for tuition by going to a tuition guarantee system. The new flat-rate model will help full-time and part-time JD students feel more certain about their financial future during their time at law school. Students will know exactly how much they will be paying in tuition during their time here. Tuition will not increase while one is a JD student in continuous study at Stetson Law."

- Eliminate Uncertainty
- Reduce Financial Stress
- Increase Academic Success & Degree Completion

Case Study

STETSON LAW

Moving to Implementation

Which one is right for you?

Operationalizing a strategy requires clear and defined goals!

Reevaluate (or build) your awarding framework

Incremental Price Changes

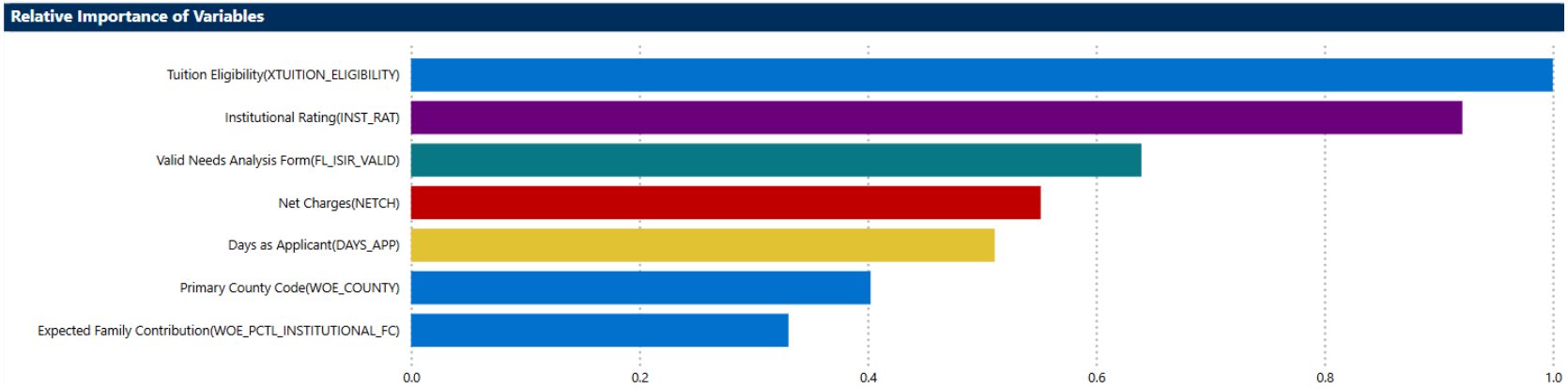
Which one is right for you?

What is the right price for your institution (and students)?

- Your price increase will be felt most by your returning students. How are you testing its impact on retention?
- New FY and TR students will feel less of the impact due to financial aid and discounting.
- Institutional priorities should be considered.
- How are you testing your incremental price increase on your new FY and TR students?

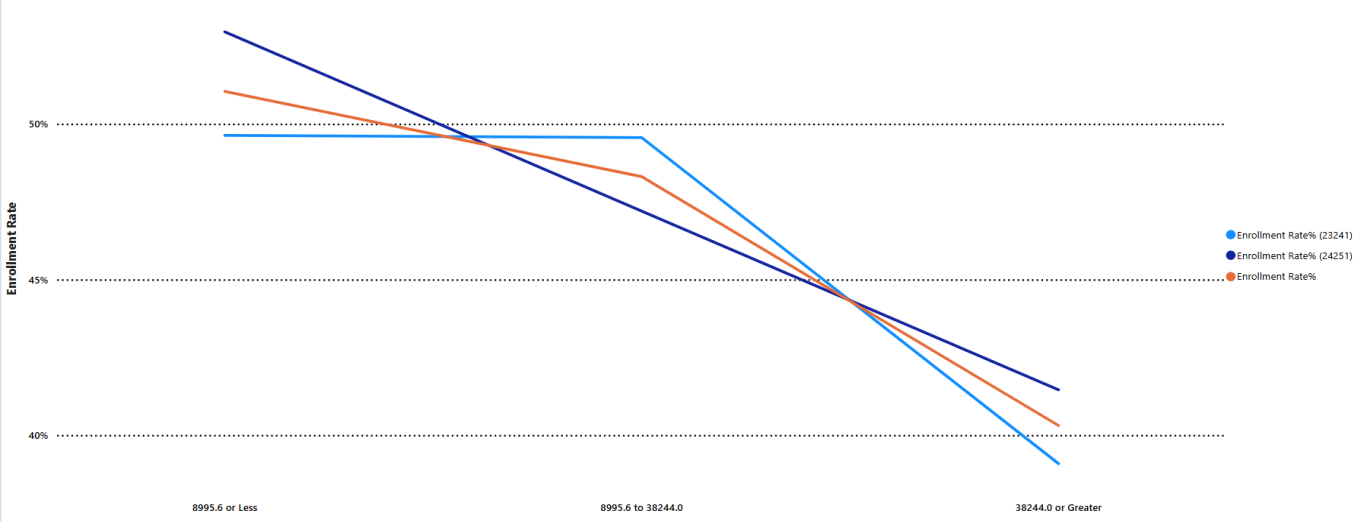
An effective way to test is through econometric modeling

What variables are predictive of enrollment (at your institution) and how do net charges impact enrollment probability? For some it may have a significant impact, for others it may have little impact.



An effective way to test is through econometric modeling

Your testing should find a relationship between yield and net charges. This will provide insight as to how new students may respond (yield) with changes in net charges.



Test your scenarios to see what you uncover

Which scenario aligns most closely with institutional goals?

Sample University
2025-26 Annual Plan Summary of Versions
FY Students

Enrollment & Financial Impact of Changes						
		0%	2%	4%	6%	8%
	2024-25 Actual	2025-26 Estimated	2025-26 Estimated	2025-26 Estimated	2025-26 Estimated	2025-26 Estimated
Number of students admitted	6632	6632	6632	6632	6632	6632
Number of students enrolled	917	917	886	865	839	818
Yield	13.8%	13.8%	13.4%	13.0%	12.7%	12.3%
Institutional Revenue						
Tuition revenue	$50,123,220	$50,123,220	$49,397,158	$49,171,790	$48,611,660	$48,288,994
Required fee revenue	$1,538,734	$1,533,643	$1,500,289	$1,482,734	$1,457,854	$1,440,793
Housing/Food revenue	$12,573,060	$12,560,437	$12,365,168	$12,307,061	$12,163,948	$12,073,574
Total revenue	$64,235,014	$64,217,300	$63,262,615	$62,961,585	$62,233,462	$61,803,361
Employee dependent waivers	$448,192	$448,194	$457,157	$466,114	$475,089	$484,052
Institutional Aid by Type						
Total institutional gift aid	$37,903,965	$37,891,273	$37,444,536	$37,377,806	$37,113,071	$37,019,077
Average institutional gift/student	$41,335	$41,321	$42,262	$43,211	$44,235	$45,256
Net Tuition/Fee Revenue	$13,757,989	$13,765,590	$13,452,910	$13,276,718	$12,956,443	$12,710,710
From change in enrollment	[redacted]	$0	-$465,101	-$780,169	-$1,170,254	-$1,485,323
From per-student net rev. change	[redacted]	$7,601	$160,022	$298,899	$368,708	$438,044
Average Net Tuition/Fee Revenue	$15,003	$15,012	$15,184	$15,349	$15,443	$15,539
Tuition & fee discount rate	73.4%	73.4%	73.6%	73.8%	74.1%	74.4%
Average Overall Net Revenue	$28,242	$28,236	$28,641	$29,055	$29,392	$29,725
Revenue Minus Unfunded Gift Aid						
Overall (incl. fees)	$25,897,857	$25,892,833	$25,375,921	$25,132,665	$24,660,302	$24,315,232

Tuition Freeze

Retention, Retention, Retention

A “tuition freeze”… what to consider

Is a “freeze” a recruitment strategy, a pricing strategy, or a retention strategy? Or is it all three?

If the market perceives you as too expensive at your current price, does freezing your price provide you an advantage?

Net tuition revenue of returning students vs. those that initially enrolled.

Retention should be a pillar of this strategy.

Do a deep dive into to student retention

How do your students retain in the aggregate and by academic preparedness?

Sample University
Executive Summary for Fall 2023 Entering Students
Total First-Year Students

	Total Enrolled	Fall-to-Spring		
		Retained		Not
	Number	Number	Rate	Retained
Number of students	407	330	81%	77
Distribution by Academic Level				
HsGpa: 3.9 & Above	30	30	100%	0
HsGpa: 3.5 - 3.89	110	105	95%	5
HsGpa: 3.0 - 3.49	116	95	82%	21
HsGpa: 2.5 - 2.99	104	69	66%	35
HsGpa: 2.49 & Below	47	31	66%	16

Do a deep dive into to student retention

How do NTR, institutional gift, and discounting of the entering class compare to those returning from that class?

Sample University
Executive Summary for Fall 2023 Entering Students
Total First-Year Students

	Total Enrolled	Fall-to-Spring		
		Retained		Not
	Number	Number	Rate	Retained
Number of students	407	330	81%	77
Net Tuition Revenue Summary				
Average net tuition & fee revenue	$13,931	$13,338		$16,474
Average revenue minus unfunded gift aid:				
Average institutional gift per enrolled student [10]	$11,069	$11,662		$8,526
Discount Rate Summary				
Tuition & fee discount rate [4]	44.3%	46.6%		34.1%
Unfunded overall discount [7]	35.6%	36.6%		30.6%

Understand the longer-term implications

"Freezing" tuition can be an effective strategy as long as "retention" is at the table and part of the conversation.

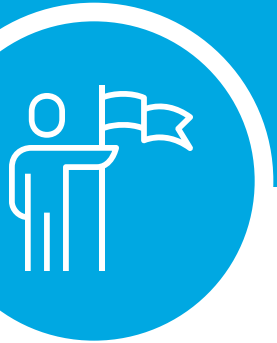
Students with the most aid (and lowest NTR) generally retain at higher rates than those student with the least aid (and greatest NTR).

As a result, "all student" discounting has a propensity to creep up forcing "all student" average NTR to decline.

It's not uncommon to see, over time, average institutional aid will increase and average NTR will decrease. To sustain (or grow) NTR will require targeted retention strategies.

Reset / Reposition / Recenter

If you're going to do it, DO IT!



Reset / Reposition / Recenter...
is it a pricing strategy,
a marketing strategy, or *both*?

To effectively execute a “reset”, you should start with a full review of your institutional financial aid resources

- Do a complete and thorough review of all institutional aid.
- Goal should be to unify institutional aid sources.
- Understand the new strategy and intended results.

This is your opportunity to put all aspects of your awarding strategy on the table

It starts with reviewing your merit strategy

Reassess the little awards added over the years

Consider how your athletic aid fits into your new pricing strategy

Have a plan for your returning students

A roadmap for estimating cost in net revenue

Understand that retention must play a part in the success of this strategy, too

Once new pricing is determined, **assess your exposure**? (# Of students with current NTR between $20,001 and $30,000)

Next, determine the **average NTR of** those identified with NTR between $20,001 and $30,000)

Third, subtract the average NTR of your "exposure" from your new tuition to determine a gap and multiply this by the number of student referenced earlier.

Fourth, take the sum of the previous calculation and divide by average NTR of all currently enrolled students.

You've now estimated the number of **new and returning students** needed with this strategy to break even or win.

How does it happen?

Acknowledge the investment going into **this decision** and long-term success requires the same attention and focus.

Leverage the new price relative to your competition, public and private.

Ensure your academic programs are in line with what the market is seeking.

Don’t hurry back to the old game.

Use modest increases in tuition.

Manage and monitor discounting.

What will it take to implement?

Who needs to have a seat at the table?

Resetting or repositioning tuition sounds easy on paper, but there is much more to it when it comes to the decision making and implementation process. Be sure to do proper vetting, forecasting, and have confidential conversations prior to implementation with:

- Executive Leadership
- Cabinet
- Steering Committee (Admissions, Financial Aid, Budget, Finance, Marketing, Institutional Research)
- Board of Trustees
- Admissions, Marketing, Financial Aid
    - Back-office systems, marketing and communications, adjacent system considerations, website and marketing collateral updates, 3rd party vendors, projection models, internal communication and talking points, and more
- Student Services, Athletic Recruiters, Bursar, Registrar, and other support service areas
- Escalation management process

How will success be measured and when?

With clear goals defined, it will be imperative to assess the outcomes you are expecting to see as a result of the action with SMART goals.

- Enrollment
- Budget allocation
- Retention
- Quality of media mentions (positive/negative)
- Student satisfaction based the action
- Employee satisfaction based the action
- What else?

What Additional Strategies Align with Pricing Strategy?

Additional strategies

Complementary strategy ideas

- Housing and meals pricing
- Meal options (24/7)
- Single housing
- Four-year graduation guarantee
- Career integration
- First-year success program
- Summer incentives (get ahead, get back on track)
- Winter mini courses
- Academic program demand analysis
- Academic program and administrative program review

Thank you!

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