



Pricing Optimization and Value Enhancement

Advancing Higher Education Through Insight and Innovation

What is the optimal price for an education at your school? Do you know the price sensitivity of your markets or how you can raise revenue and still meet enrollment goals? There are proven, thoughtful, and systematic ways to answer these and many related questions.

The Science of Pricing

Colleges and universities are under increasing scrutiny these days as educational costs soar and economic conditions fluctuate. When setting prices, however, many administrators make decisions without having significant information at their disposal. They continue to rely on short-term budget concerns, intuition, or competitor pricing.

Maguire Associates offers an integrated research, predictive modeling, and consulting service that addresses these pricing and value issues comprehensively. With EMPROVE, our Pricing Optimization and Value Enhancement service, we can help you increase net revenue, achieve higher enrollment in target populations, and enhance value perceptions.

Our approach is customized for each client. This ensures that you can achieve your objectives while staying true to your unique institutional vision, mission, values, and culture.

EMPROVE will help you gain a comprehensive, long-term understanding of:

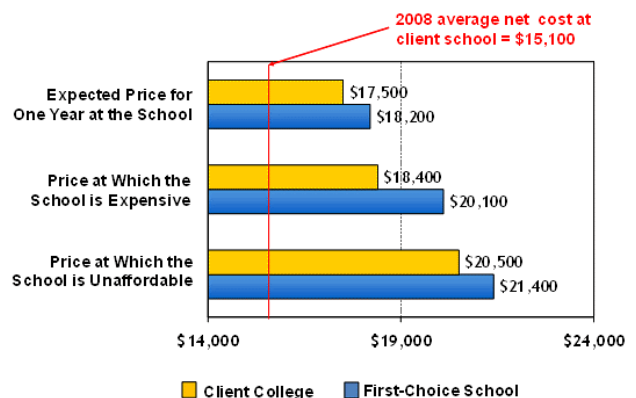
- *Optimal pricing based on attitudinal and behavioral market data as well as market sensitivity to price increases;*
- *Price sensitivity and value benchmarking against competitor schools;*

- *Strategies for improving net revenue and enrollment composition; and*
- *Options for monitoring price sensitivity and improving perceived value.*

Market Research Foundation

We use customized market research to inform pricing and value decisions. Financial issues can serve as a barrier to consideration of a college in at least two ways – assessment of affordability and willingness to pay. The willingness-to-pay issue is more closely associated with image than pricing and more relevant to perceptions of investment value than actual cost. Therefore, any assessment of price sensitivity must consider both price and evaluations of quality.

Prospective Parent Price Expectations



Our research typically includes surveys administered to prospective students or inquirers and their parents as well as admitted students. Feedback can thus be collected at the start of the search process when inquiring students and parents are considering initial "sticker prices," as well as at the end of the cycle when families are assessing net cost.

We have developed specific research techniques to assess price sensitivity, such as testing different prices with random sets of students and parents or exposing students and parents to several levels of cost-of-attendance to understand their specific "tipping points."

We also analyze market perceptions of pricing and quality to determine key drivers of value as well as application and enrollment. Multivariate techniques are employed to understand the "below the surface" forces that influence families' opinions, decisions, and actions. These techniques ensure that clients acquire insights far beyond cursory data reviews.

Price Sensitivity Modeling

We integrate these insights into predictive modeling work that enables us to create, for example, an audit of your recent admitted and enrolled populations, matrices that uniquely display segmented information on your admitted student pool, and customized models for your institution that identify variables with a statistically significant relationship to the likelihood of student enrollment.

We accomplish these results by utilizing powerful analyses that help you understand your institution's price sensitivity; that is, how sensitive your specific market is to the price you set and how key cohort groups in your market may be influenced by net cost. In the first analysis, we incorporate your data into our model to create a "thought experiment." We make it possible for you to ask what your incoming class and revenue would look like, for example, if you offered no institutional grant aid, full scholarships to everyone, or aid at various points between these two extremes.

Quality Measure (ACT)

	21 or Below	22-24	24.1 - 27	Over 27	Total
Financial Need	Yield-80.8%	Yield-81.3%	Yield-80.9%	Yield-87.9%	Yield-88.1%
	Avg. Grant: (E)-\$1,337	Avg. Grant: (E)-\$10,365	Avg. Grant: (E)-\$12,236	Avg. Grant: (E)-\$11,066	Avg. Grant: (E)-\$11,628
	(N)-\$5,279	(N)-\$5,023	(N)-\$7,043	(N)-\$10,375	(N)-\$6,240
	(T)-\$6,216	(T)-\$7,257	(T)-\$9,062	(T)-\$11,023	(T)-\$8,136
	NTR-\$168,032	NTR-\$140,973	NTR-\$290,310	NTR-\$212,122	NTR-\$671,437
	223	278	1532	1122	3155
	\$ 17,855	Yield-85.0%	Yield-85.3%	Yield-81.0%	Yield-85.0%
	Avg. Grant: (E)-\$6,616	Avg. Grant: (E)-\$12,031	Avg. Grant: (E)-\$14,213	Avg. Grant: (E)-\$14,213	Avg. Grant: (E)-\$11,768
	(N)-\$12,980	(N)-\$12,366	(N)-\$11,250	(N)-\$11,250	(N)-\$11,768
	(T)-\$14,228	(T)-\$12,041	(T)-\$12,041	(T)-\$12,041	(T)-\$12,041
NTR-\$130,363	NTR-\$202,001	NTR-\$202,001	NTR-\$202,001	NTR-\$636,366	
925	1533	1122	1122	3582	
\$ 30,833	Yield-87.7%	Yield-88.3%	Yield-84.0%	Yield-87.7%	
Avg. Grant: (E)-\$15,347	Avg. Grant: (E)-\$17,465	Avg. Grant: (E)-\$15,389	Avg. Grant: (E)-\$15,389	Avg. Grant: (E)-\$15,389	
(N)-\$14,000	(N)-\$16,443	(N)-\$16,297	(N)-\$16,297	(N)-\$16,297	
(T)-\$13,192	(T)-\$16,096	(T)-\$11,802	(T)-\$11,802	(T)-\$13,192	
NTR-\$178,293	NTR-\$209,548	NTR-\$166,007	NTR-\$166,007	NTR-\$620,855	
2334	1479	1322	772	5907	
\$ 34,460	Yield-82.8%	Yield-82.9%	Yield-82.9%	Yield-82.8%	
Avg. Grant: (E)-\$12,331	Avg. Grant: (E)-\$11,905	Avg. Grant: (E)-\$12,446	Avg. Grant: (E)-\$12,446	Avg. Grant: (E)-\$12,446	
(N)-\$9,320	(N)-\$12,344	(N)-\$13,230	(N)-\$13,230	(N)-\$12,344	
(T)-\$10,297	(T)-\$12,156	(T)-\$12,884	(T)-\$12,884	(T)-\$12,156	
NTR-\$213,509	NTR-\$206,269	NTR-\$166,003	NTR-\$166,003	NTR-\$751,785	
1237	1535	634	62	3488	
Total	Yield-82.9%	Yield-83.2%	Yield-80.0%	Yield-86.9%	Yield-86.9%
Avg. Grant: (E)-\$11,067	Avg. Grant: (E)-\$13,222	Avg. Grant: (E)-\$11,490	Avg. Grant: (E)-\$15,300	Avg. Grant: (E)-\$13,977	
(N)-\$10,132	(N)-\$12,019	(N)-\$12,219	(N)-\$14,456	(N)-\$12,143	
(T)-\$11,733	(T)-\$12,608	(T)-\$12,727	(T)-\$14,764	(T)-\$12,889	
NTR-\$814,097	NTR-\$991,671	NTR-\$600,796	NTR-\$577,147	NTR-\$1,983,711	
51189	58189	26366	19366	175423	

Yield=48.3%

Avg. Grant:

(E)=\$17,465

(N)=\$16,443

(T)=\$16,936

NTR=\$200,548

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In the second analysis, we use our predictive model to create "what if" scenarios for your class. For example, we can show you what would happen if you increased your class by 50 or 250 students or dropped your discount rate by 5 or 10 percentage points.

Deliverables

- Customized market research of prospective students and their families including assessments of affordability, willingness-to-pay, and value.
- Predictive modeling with "what-if" thought experiments, trade-off analyses, and supporting matrices.
- Consulting services from enrollment management to branding, marketing, and communications.
- Recommendations regarding your institution's optimal price supported by a long-term pricing and value strategy with specific price-sensitivity ratios.

