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.

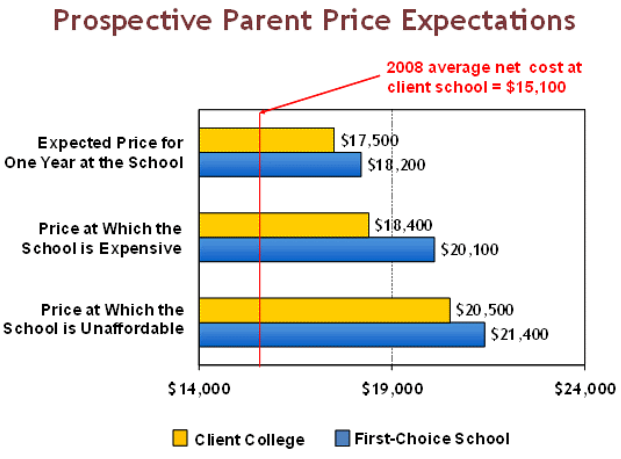
Our approach is customized for each client. This ensures that you can achieve your objectives while staying true to your unique institutional vision, mission, values, and culture.

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.



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.

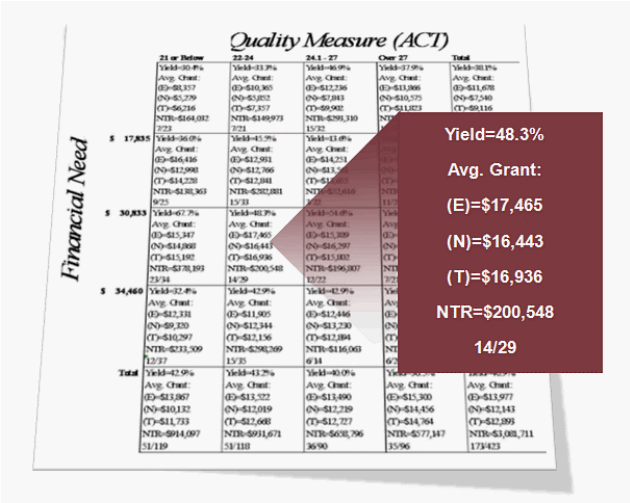
We have developed specific research techniques to assess price sensitivity, such as testing different prices with random sets of students and parents or exposing students and parents to several levels of cost-of-attendance to understand their specific "tipping points."

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.



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.

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