



Marketing Affordability & Outcomes: Creating Your Value Proposition

Academic Impressions

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How is Value Defined in Higher Education?

It's the intersection of:

- The benefits we expect
- The price we're willing to pay



Problem #1

- With publicly funded institutions supported by taxpayer dollars;
- With publicly traded for-profit institutions having access to investor dollars;
- And with some private institutions having access to significant endowment funds;
- The sticker price differences between the three sectors can be enormous, yet the deliverable is generically described as a four-year, bachelors degree from a regionally accredited institution.
 - Different price, same perceived value?



Growing Importance of Conveying Affordability

- Today, it is a challenge for both public and private institutions
 - Both public and private institutions serve students from all socioeconomic backgrounds
 - Many public institutions, in response to cuts in state support, have recently instituted aggressive tuition increases
- The aid letter itself comes too late to address “sticker shock”.



How Have Institutions Faced the Challenge?

- Some Ivy League institutions with significant resources have changed what families have to pay.
 - Princeton eliminated student loans for lower and middle income families
 - Williams froze tuition
 - Harvard eliminated family contribution for certain income levels
- But what solutions exist for institutions that can't radically reduce NTR?



Solution #1

Demonstrating affordability early in the admissions process

- Income profiles

Adjusted Gross Income Distributions ¹			
	Independent	State University of New York (SUNY)	City University of New York (CUNY)
<20k	16%	13%	25%
20-40k	17%	14%	19%
40-60k	11%	11%	6%
60-80k	9%	10%	3%
>80k	47%	52%	46%

Help families “find themselves” at your school!

¹August 2003 *University Business* article, “Overcoming Price Sensitivity”



Solution #2

- Case Studies:
- Both in print and on the web
- Calvin College's web page features:
 - Determining your eligibility
 - An online estimator for financial aid eligibility
 - Family scenarios
 - Make sure families can "see themselves" at your institution



Solution #2 (cont'd)

	Jordan	Sarah	Andrew
Family Circumstances			
Parents' total 2002 income (adj. Gross income plus non-taxable income), minus 2003 K-12 tuition you pay	\$25,000	\$50,000	\$90,000
Number of parents	1 or 2	1	2
Number of dependent children	2	3	3
Student earnings in 2002	\$2,600	\$2,600	\$2,600
Student assets	\$1,000	\$1,000	\$1,000



Solution #2 (cont'd)

	Jordan	Sarah	Andrew
Financial Aid With One in College			
Grants and/or scholarships	\$12,000	\$8,510	\$2,690
Subsidized loans	\$5,125	\$5,125	\$4,625
Part-time employment	\$2,000	\$2,000	\$2,000
Net cost for tuition, room, and board	\$3,490	\$6,980	\$13,500
Financial Aid with Two in College			
Grants and/or scholarships	\$12,150	\$9,640	\$5,500
Subsidized loans	\$5,125	\$5,125	\$5,125
Part-time employment	\$2,000	\$2,000	\$2,000
Net cost for tuition, room, and board	\$3,340	\$5,850	\$9,990



Solution #3

- Advertised, guaranteed merit award
 - If meet specified criteria (i.e., SAT/ACT, rank in class and/or GPA), then guaranteed merit award levels
 - Always note that additional financial aid is available for those with remaining need



Solution #3: A Case Study

- Canisius College had offered merit scholarships for a number of years, but inquiries and applications had been on a downward trend since 1994.
- In addition, with a heavily commuter population, Canisius was having trouble filling its dorms.



Solution #3: A Case Study

- Aggressive tuition increases in the three years prior to 1998 had pushed the College's price ahead of two other local private competitors, and significantly widened the gap in price between Canisius and its public competitors.
- Recent losses in freshman applications had come entirely from students not applying for aid.
- These data suggested that "sticker shock" was playing a role in the College's loss of demand.



Solution #3: A Case Study

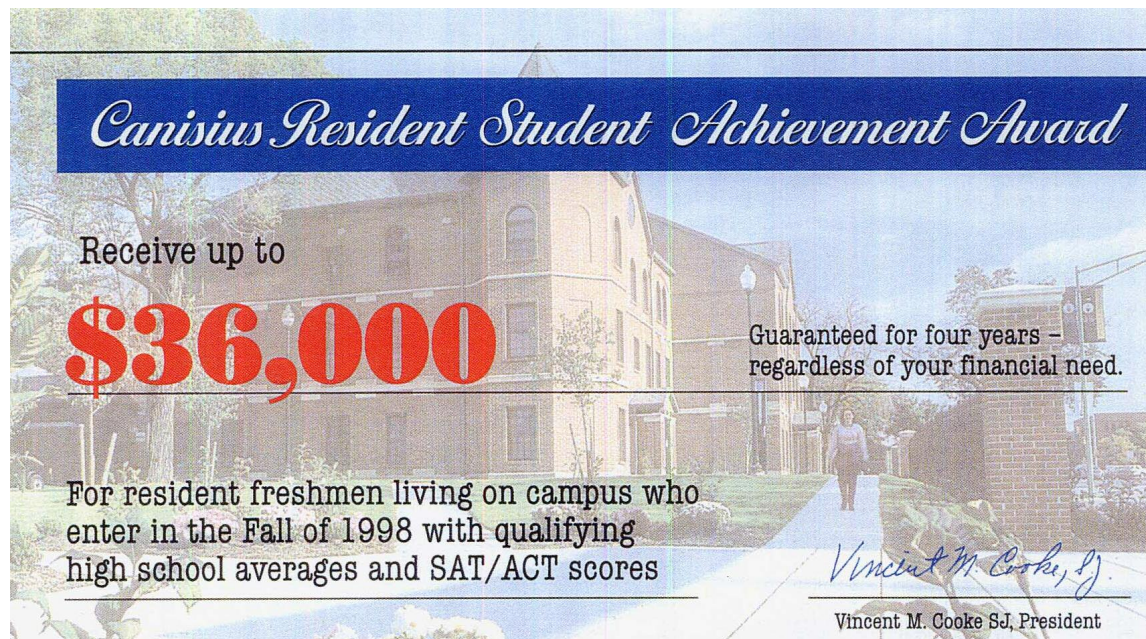
- After studying three years of data on yields by need, quality, grant level, and residency status, the College decided to add a new merit scholarship for students who chose to live on campus.
- This new program was heavily marketed to prospective students.



Solution #3: A Case Study -- The Guarantee

<i>If you have a:</i>	<i>You are guaranteed an annual award in the amount of:</i>
Minimum 90 high school average and SAT 1270 or ACT 29	\$9,000
Minimum 87 high school average and SAT 1050 or ACT 23	\$6,000
Minimum 85 high school average and SAT 950 or ACT 20	\$3,000

Solution #3: A Case Study -- Marketing the Guarantee



Canisius Resident Student Achievement Award

Receive up to
\$36,000

Guaranteed for four years –
regardless of your financial need.

For resident freshmen living on campus who
enter in the Fall of 1998 with qualifying
high school averages and SAT/ACT scores

Vincent M. Cooke, SJ.
Vincent M. Cooke SJ, President

Solution #3: A Case Study -- Immediate Results

		NET TUITION REVENUE		
		<u>Resident</u>	<u>Commuter</u>	<u>Total</u>
1998		5,426,736	2,775,822	8,202,558
1997		4,206,396	2,724,024	6,930,420
Increase NTR		1,220,340	51,798	1,272,138
		ENROLLED FRESHMAN		
		<u>1997</u>	<u>1998</u>	<u>Increase</u>
Resident		331	426	95
Commuter		316	324	8
Total		647	750	103



Solution #3: A Case Study

- When recruiting for the fall 1999 class, another new program was created specifically for commuter students who fell just below eligibility for other merit awards.

Solution #3: A Case Study -- Sustained Results

	97	98	99	00	01	02
Res. Apps	1345	1699	2355	2513	2318	2624
Res. Enroll	331	426	394	435	425	517
Comm. Apps	763	848	1118	1096	958	990
Comm. Enroll	316	324	350	390	295	332
Total Enroll	647	750	744	825	720	849



Solution #3 (cont'd)

- Messiah College has a scholarship search function on their web site that allows prospective students to calculate their merit aid eligibility.



Solution #3 (cont'd)

SAT

ACT

Class Rank of

Class rank unavailable.

Current GPA* (4.0 scale)

*required for transfers

High School Honor:

- High School Valedictorian
- High School Salutatorian
- None of the above

National Merit Scholarship:

- National Merit Scholarship Finalist
- National Merit Scholarship Semi-Finalist
- None of the above

Student type:

- International Student
- Transfer Student



Solution #4

- Slash your sticker price
 - Wells College reduced tuition by 30% and enrolled a class that was 50% larger, with a 41% increase in net tuition revenue.
- But, the conditions have to be right for this bold strategy to work.



Solution #5

- Break it down into monthly payments
 - It's about financing as well as financial aid
 - Some institutions are beginning to market financing options to inquiries and applicants -- particularly if they have something unique to offer, such as interest subsidies.
- Caution: targeting these messages to the right audience, and keeping the message simple, is critical.



Solution #6

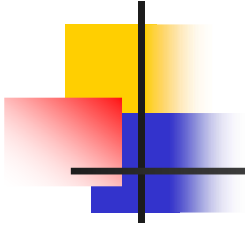
- Provide excellent service
 - St. Edward's University in Austin, Texas, has merged the offices of financial aid and student accounts into a one-stop student financing shop.
 - Upon admittance, students receive a letter from their personal financial advisor, who will work with them throughout their time at the school.



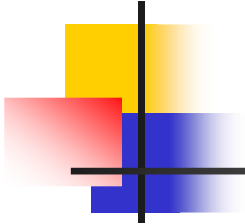
Demonstrating Affordability

All these strategies are focused on keeping interested and talented students “in the hunt” and not victims of sticker shock. Other requirements:

- Your need-based aid policies must be appropriately targeted.
- Administrative hurdles should be eliminated.
- Aid awards must be timely.
- **The combination of all the above will ultimately prove that your institution is affordable.**



But, that's the easy part!!



- It's much harder to prove that the expected benefits will be realized.
- Expected benefits = your distinctives x what the market wants



Problem #2

- For the most part higher education is undifferentiated



Do These Headers Sound Familiar?

- “A challenging academic experience”
- “An encouraging, supportive community”
- “A beautiful, safe campus with outstanding facilities”



Homework Assignment

- Go back to campus and ask your recruitment team to talk about the benefits of your undergraduate experience
- You're likely to be surprised twice:
 - The passion and commitment with which they speak -- especially from their own experience
 - The lack of data they have to create proof statements



What Makes You Distinctive

- Only you offer it
- Your program is recognized as “best in class”
- At your institution everyone has this valued experience not just a select few
- You deliver your program in a very different way
- You “package” your offerings in a special way



In Today's Crowded Marketplace

Can't just say it, have to prove it.

- “We are the only college in the region to offer an undergraduate architecture program.”
- “Our nursing program has the highest pass rate on the licensing exam of any institution in the state.”
- “Everyone has an internship (50% are paid) related to their major before they graduate.”



In Today's Crowded Marketplace (cont'd)

- “Our freshman seminar will be taught by your freshman adviser. You’ll be in class with all 12 of her advisees.”
- “Because of our strong liberal arts and education programs we offer a BA/MAT in secondary education in five years.”



Input vs. Output

- The Academy, at least the not-for-profit sector, has a penchant to be obsessed with the wrong thing, namely input information e.g.:
 - SAT/ACT scores
 - Acceptance rates
 - Yields
 - Top quintile
- Rather than outcomes
 - Graduation rates
 - First career or graduate/professional acceptance rates



Input vs. Output (cont'd)

- “Our grads are valued by the accounting industry because 92% are hired in their field six months after graduation.”
- “Our science grads are valued because of the > 90% acceptance rate into medical school.”
- “Our four-year leadership development program really works based on the proven roles our grads play in their professions, and in their communities.” -- Be specific!



Conclusion

- Affordability without value = cheap
- Value without affordability = inaccessible
- You've got to have both!!