University of Leicester

Pricing: Strategy & Research

Richard Taylor
Director of Corporate Affairs & Planning

University of Leicester

What we will talk about

- Define some concepts
- Pricing Strategies
- Look at which strategies HEIs are following
- Look at market research techniques for pricing research

University of Leicester

Concept 1: Marketing Mix

- 7 variables used to define attractiveness in markets.
- One is price.
- In a normal market you would expect to see differentiation of brands based on price.

University of Leicester

Concept 2: Price Elasticity

- The concept that demand is responsive to price (usually in a negative way)

the portal site for all **easyGroup** companies

today's date: Tuesday, 31. August 2010

the brand | about us | Stelios | new ideas | brand thieves | shareholder activism | news archive | free email

easyGroup

Stelios' private holding company that owns the **easy** brand & licenses the following brand names:

- **easyJet**.com
- **easyCar**.com
- **easyHotel**.com
- **easyBus**.co.uk
- **easyVan**.com
- **easyOffice**.co.uk
- **easyCinema**.com
- **easyHolidays**.co.uk
- **easyAir-tours**.com
- **easyFlights**.co.uk
- **easyBags**.com
- **easyGym**.co.uk

For a full list of brands licensed by **easyGroup**...

click HERE ▶

easy.com™

more value for less!

Latest News

easyJet passenger statistics for July 2010

posted: 05.08.10

easyJet have released their passenger statistics for July 2010 to the London Stock Exchange.

To read in full... click HERE

stelios

STELIOS PHILANTHROPIC FOUNDATION

find out more ▸

Special Offers

University of Leicester

Concept 3: Veblen Goods

- Products for which people's preference for buying them *increases* as a direct function of their price, as greater price confers greater status, instead of decreasing according to the law of demand
  - Is Higher Education a Veblen Good?

University of Leicester

Cash Pricing Strategies

- Cost Plus
- Market Pricing
- Value Pricing

University of Leicester

Cost Plus Pricing

- Take your product's cost
- Add a fixed premium
- Gives you your price

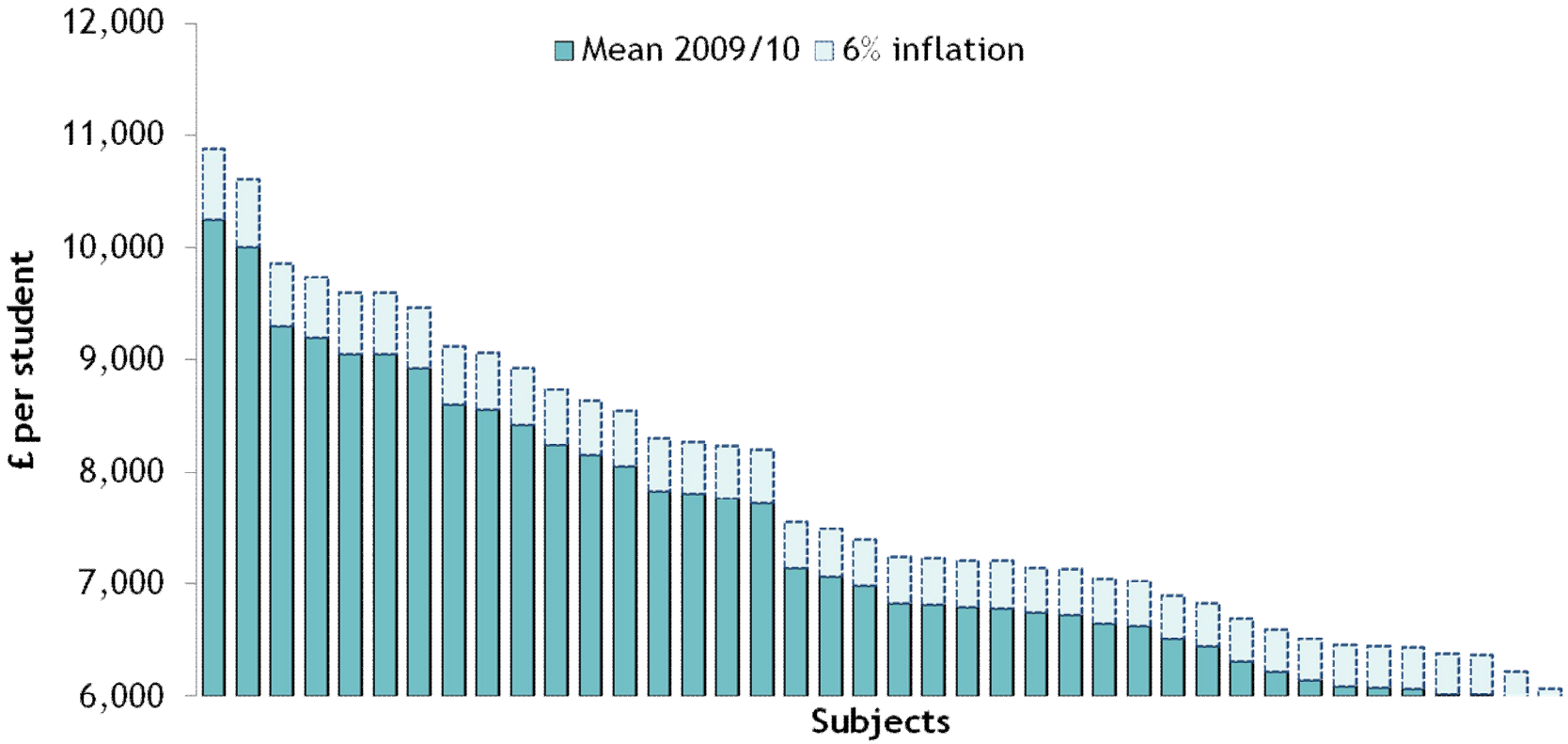
University of Leicester

Cost Plus Pricing

- Simple
- Should lead to a “profit”

- Need to know your cost base
- Ignores what people are prepared to pay and competitor behaviour

Subject-related Full Average Costs of Teaching a Student: sector means 09/10 (excluding medicine, dentistry and veterinary science)



University of Leicester

Market Pricing

- Identify your competitors and their prices
- Understand your product's strengths relative to your competitors
- Price accordingly

University of Leicester

Market Pricing

- Takes account of competitor activity
- Should avoid unrealistic pricing

- Need to know your competitors and relative strengths
- May ignore cost base
- Can turn you into a market follower not market leader

University of Leicester

Value Based Pricing

- Identify the value of your product to the customer
- Price accordingly

University of Leicester

Value Based Pricing

- Should optimise income
- Allows you to lead markets

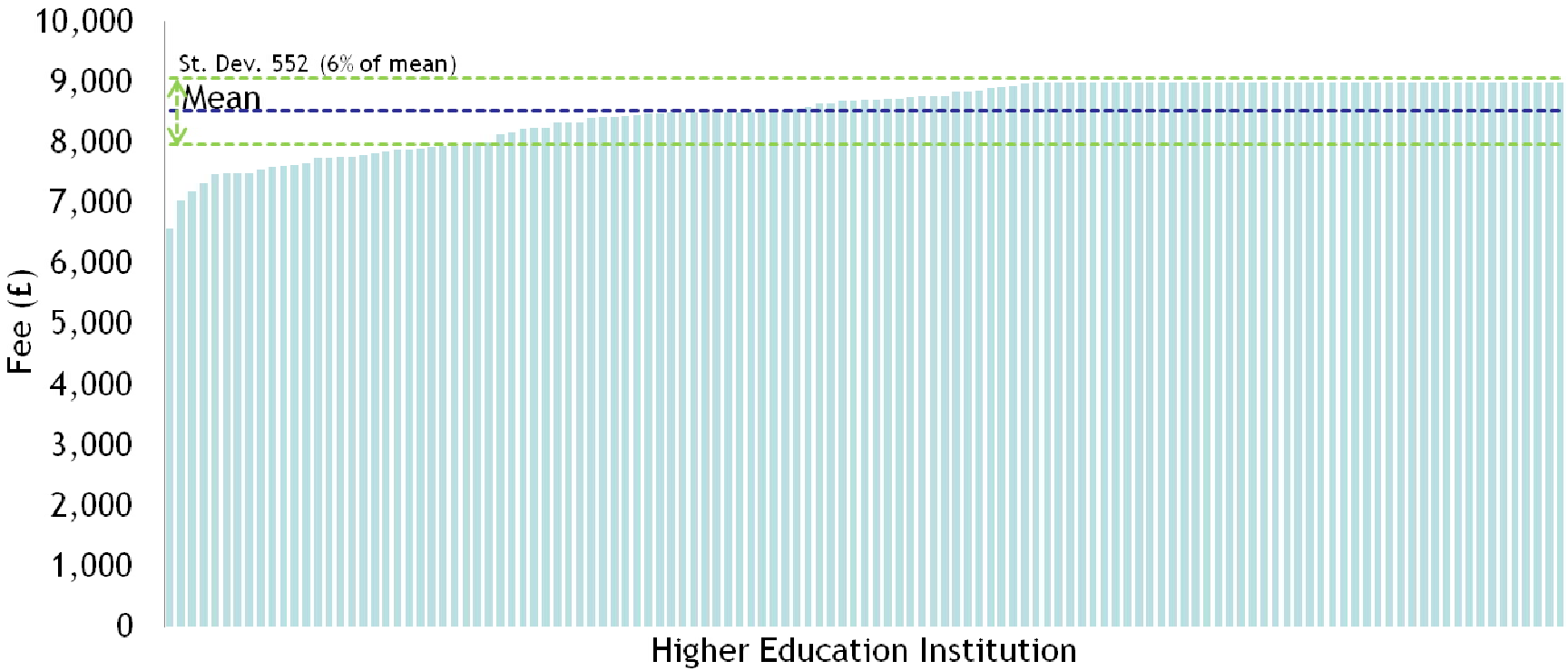
- Need to understand how customers gauge value
- Ignores competitors
- Ignores cost base

University of Leicester

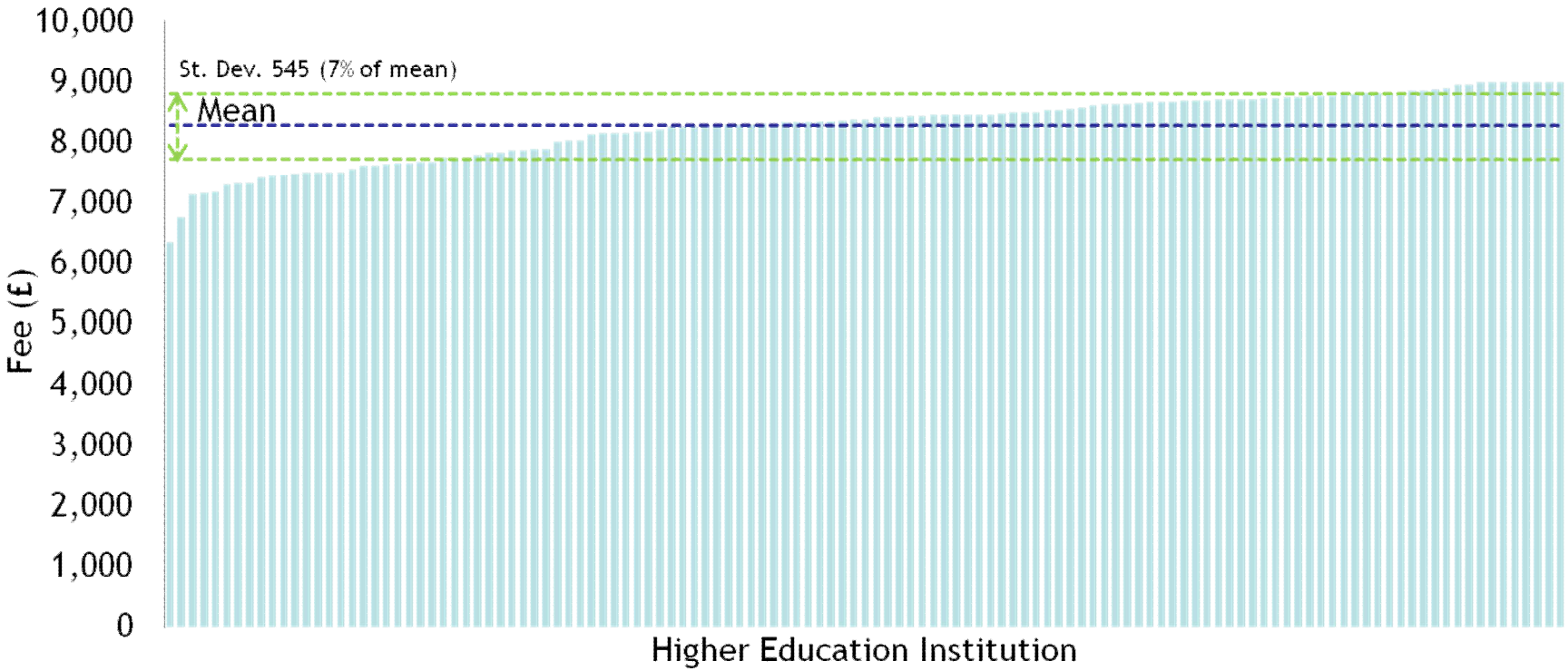
Which Pricing Strategy?

	MARKET CROWDED	MARKET UNCROWDED
MARKET GROWING	Market Pricing	Value Pricing
MARKET STABLE / DECLINING	Market Pricing	Cost Plus

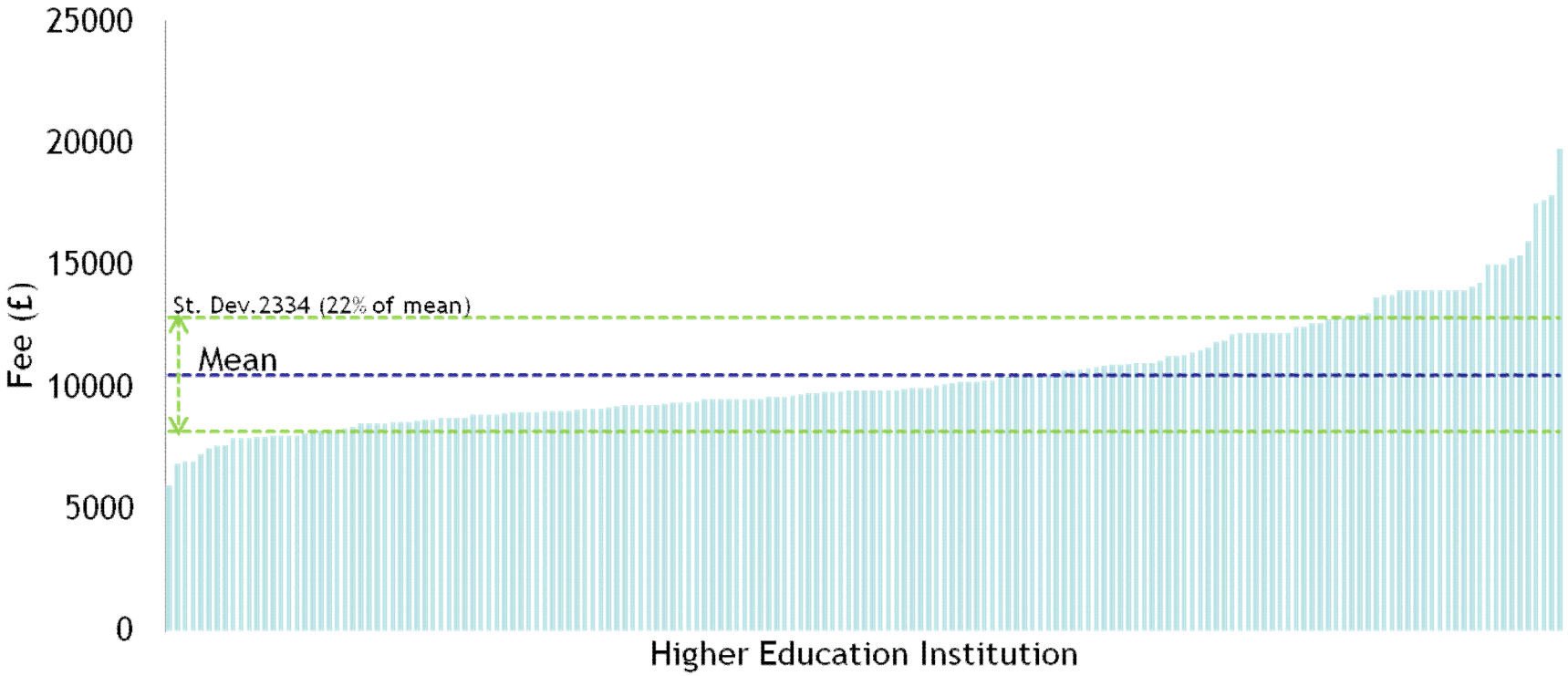
Home/EU estimated average fee 2012-13: HE institutions



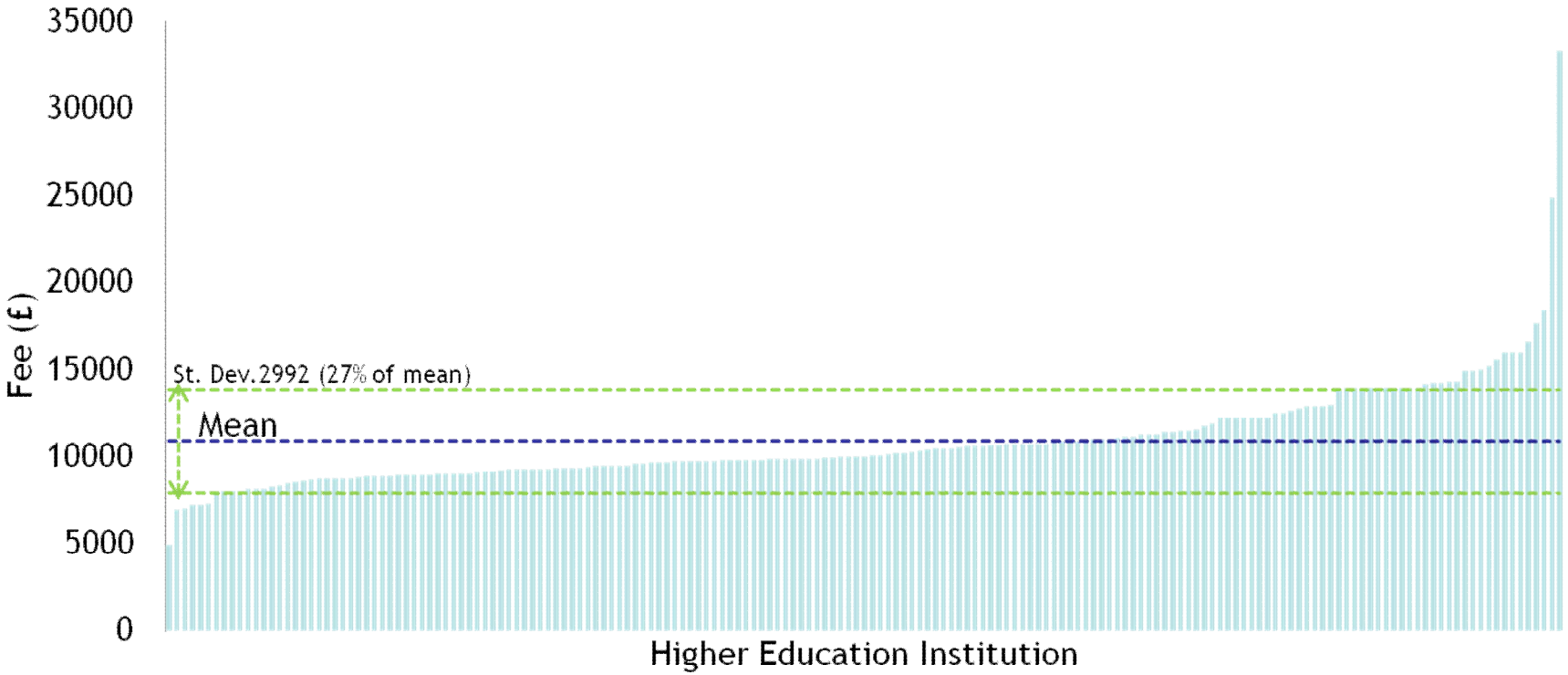
Home/EU estimated fee after waivers 2012-13: HE institutions



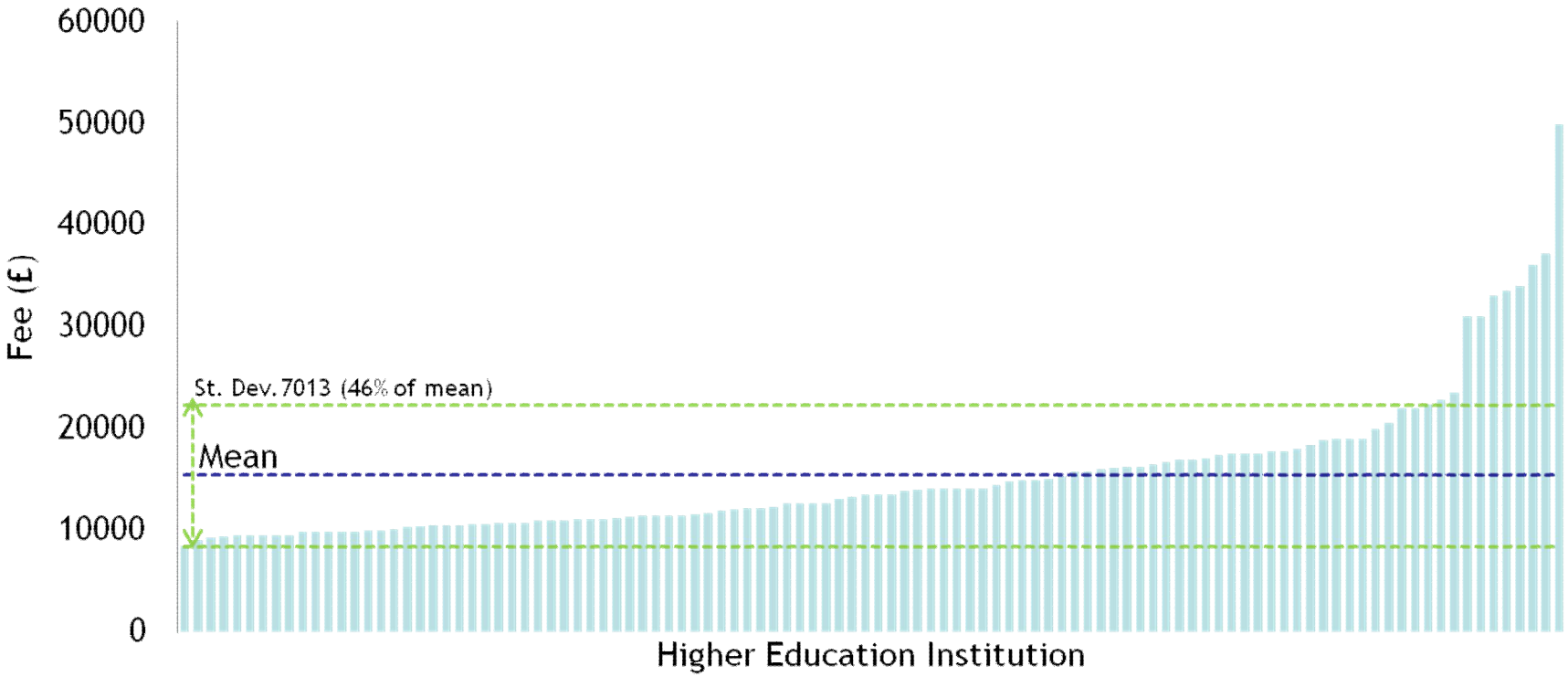
International fees 2010/11: Undergraduate Arts/Classroom based



International fees 2010/11: Postgraduate Arts/Classroom based



MBA fees 2010/11: International



University of Leicester

- Arts International fee standard deviation of £2,334 (or 22% of mean average fee) – Market Pricing
- MBA international standard deviation £7013 (or 46% of mean average fee) – Value Pricing – at least the top end
- But what's going on in the HEU UG market?

University of Leicester

HEU UG Fees Pricing Strategies?

- Not really related to cost (cost-plus)
- Not really related to value (why all £9k?)
- Not really related to market strengths
- Is it because market simply not elastic to £9k?

University of Leicester

Concept 4: Reference Pricing

- The price that people expect or deem to be reasonable for a certain type of product.

Elite universities welcome flexibility to triple students' fees

But universities will be able to charge the £9,000 top rate only if they agree to fund more undergraduates from poorer families

Jeevan Vasagar, Jessica Shepherd and Allegra Stratton
guardian.co.uk, Wednesday 3 November 2010 21.28 GMT
Article history

Tweet 33
Recommend
reddit this
Comments (289)

A larger | smaller

Education
University funding · Higher education · Tuition fees · Students

More news

More on this story

Welcome to London Metropolitan University - Homepage - Windows Internet Explorer

http://www.londonmet.ac.uk/

Favorites | Free Hotmail | Web Slice Gallery

Welcome to London M... | (12) Twitter

Page | Safety | Tools

LONDON metropolitan university

Contact | Metranet

Search the site | enter your search

Why London Met? | Courses | Undergraduate | Postgraduate | Faculties | International Students

Course Finder

Choose course type

Choose course subject

Visit us

Book to attend an open day event

Apply now

apply for one of our courses today

Latest News

Student satisfaction higher than ever

National Student Survey results best yet for London Met

Research
Information for research students and staff

Supporting Business
Working with academic and corporate institutions

Alumni
London Met Alumni news

- About us
  - Why London Met?
  - Studying here
  - The V-C's Office
  - Faculties
  - Campuses
  - How to find us
  - Job vacancies
- Faculties and PSDs
  - Faculty overview
  - Professional service depts
- Courses
  - All courses
  - Undergraduate A-Z
  - Postgraduate A-Z
  - English language courses
  - Open Language Programme
  - Subject list
  - Entry requirements
  - How to apply
  - Need more advice
- Undergraduate
  - Tuition fees
  - Create a prospectus
- Research
  - Faculties and Research
  - Research Office
  - Prospective students
- Open Days
  - Open days
- Events
- Postgraduate
  - Tuition fees
  - Create a prospectus
- Business links
  - Supporting business
  - Facilities hire
  - Employability
  - Student enterprise
  - Industry expertise
- Governance
  - Governance
- Fees and funding
  - Fees and funding
  - Student loans
  - Grants and bursaries
  - International student fees
  - Ways to pay
- Facilities
  - Facilities
  - Library Services
  - IT & Media Services
  - Student Services

Internet | Protected Mode: On | 95%

09:49
15/10/2012

Welcome - BPP - Windows Internet Explorer

http://www.bpp.com/

Favorites | Free Hotmail | Web Slice Gallery

Welcome - BPP | (12) Twitter

Page | Safety | Tools

ABOUT BPP | CONTACT US | LOGIN

CORPORATE CLIENTS
INTERNATIONAL STUDENTS
ONLINE LEARNING LOGIN
COOKIE USE
BPP BOOKSHOP
UK AND GLOBAL LOCATIONS
STUDENT SERVICES
BPP UNIVERSITY COLLEGE

SEARCH

BPP

HOME | UNDERGRADUATE | POSTGRADUATE | PROFESSIONAL QUALIFICATIONS | PROFESSIONAL DEVELOPMENT

Degrees from BPP University College

Our undergraduate and postgraduate degrees in Business, Finance, Accounting, Marketing, Human Resources, Law and Health help prepare you to enter your chosen profession or enhance your existing skills.

Professional qualifications and apprenticeships

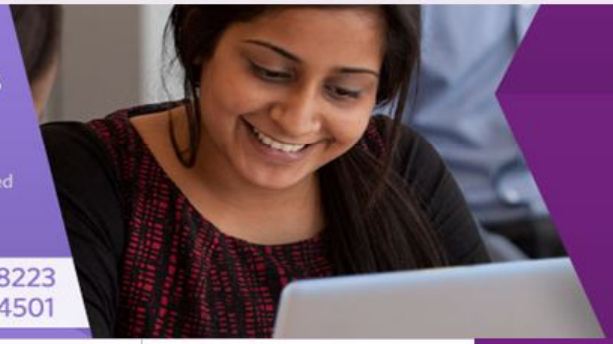
Our range of professional qualifications cover Accounting, Tax, Insolvency, HR, Marketing, Law and City, and we offer apprenticeships and professional development courses to support your career at every level.

Highly Trusted Sponsor Status

Places are still available for International students.

- Fast International Admissions Process
- Credit transfer personally and individually assessed
- Experienced credit transfer assessors

Freephone: 0808 252 8223
Mobile and International: 020 3131 4501



Places still available
0808 252 8223

Clearing places available
for Law School degrees

Clearing places available
for Business School degrees

BPP Pathway programmes

for Business, Law or Health

Accountancy and Tax at BPP covers exam preparation, professional development and degrees, taught by experienced tutors.

AAT, ACA, ACCA, ATT, CIMA, CTA, BSc Professional Accounting, FIA

Banking and Finance

Our Financial Services offering includes exam preparation, professional diplomas, and undergraduate and postgraduate degrees.

CFA, IMC, IAD, IOC, CISIM Wealth Mgt, CISI Diploma, CISI Certificates

Law

Our Law School offers sector-leading professional training and qualifying Law degrees taught by practising legal professionals.

BPTC, GDL, LPC, PSC, LLB (Hons), LLM, New York Bar, Bar Transfer Test

Insolvency

We are the leading UK provider of specialist

Marketing

Our part-time CIM courses are designed for busy

Health

Chiropractic, nursing and chartered psychologist

Done | Internet | Protected Mode: On | 95%

09:52
15/10/2012

BBC News - LSE is first elite university not to charge top fees - Windows Internet Explorer
http://www.bbc.co.uk/news/education-13553595
LSE tuition fees £8500
Favorites | Free Hotmail | Web Slice Gallery
BBC News - LSE is first ... | (22) Twitter
Page | Safety | Tools

26 May 2011 Last updated at 09:00

Share

LSE is first elite university not to charge top fees

The London School of Economics has become the first elite university to charge less than £9,000 in fees.

Students at the LSE had mounted a campaign for lower fees

From 2012/13, the annual tuition fee for UK and EU undergraduates at the university will be £8,500.

The university said it was charging below the maximum to send "a clear message that LSE welcomes students from all backgrounds".

But the LSE students union said it was "disappointed" the fees were not lower.

Other English research-intensive universities in the Russell and 1994 Groups have opted for £9,000.

Birkbeck, University of London, is the only other member of those groups to have said it may charge less than the maximum.

More than 90 universities in England have so far revealed their plans for undergraduate tuition fees for 2012 and the **BBC has compiled a list of who is charging what.**

Almost three quarters want to charge £9,000 a year for some or all courses.

'Exceptional value'

Earlier this month, the LSE's Academic Board voted narrowly in favour of charging £8,000.

The final decision rested with university's decision-making Council and it

University Funding

Student finance calculator

Universities 'may drop high fees'

Q&A: Tuition fee rises

Who's charging what?

Top Stories

Three children dead in house fire

Virgin in West Coast route talks

Skydiver surpasses speed of sound

Girl shot by Taliban going to UK

Independence 'battle lines' drawn

Features & Analysis

Brought to book
Literacy experts on the best ways to teach a child to read

Kill at will?
How Americans have learned to 'stand their ground'

Who's in, who's out?
Exposing the guesswork behind UK migration figures

A global leap forward?
Eight ways that China is changing your world

Most Popular

Shared | Read | Video/Audio

Skydiver breaks sound barrier 1

Done
Internet | Protected Mode: On
95%
09:56

Times Higher Education - Leeds Met sets fees at £2,000 - Windows Internet Explorer
http://www.timeshighereducation.co.uk/story.asp?storycode=193072
leeds met low charging high impact
Favorites | Free Hotmail | Web Slice Gallery
Times Higher Education - Leeds Met sets fees at ...
Page | Safety | Tools

Choose Cambridge English Advanced
LEARN MORE

Leeds Met sets fees at £2,000

Like 0
0

17 December 2004

Claire Sanders

University hopes to make high impact in market with low charges. Claire Sanders reports

Leeds Metropolitan University this week became the first institution to opt for fees as low as £2,000 a year for degrees, undercutting its rivals by up to £1,000 and raising the prospect that others may follow suit.

Governors voted unanimously to back plans put forward by Simon Lee, the vice-chancellor, to charge an annual flat-rate fee of about £2,000 for all the degrees offered by Leeds Met.

Other universities are thought to be considering charging less than the maximum annual fee of £3,000. So far, however, none has taken the plunge amid fears about the financial impact of discounting and worries that a low fee will carry the stigma of low quality.

Professor Lee said: "I am pleased to be setting a precedent and would be quite happy if we were the only university in the country to charge around Pounds 2,000. It would give us a clear position in the market."

Nimble Thompson, chair of the board of governors, said: "We have a distinctive position made possible by our long-standing commitment to widening participation, our economies of scale and our vision."

The governors did, however, impose two conditions. First, the university must satisfy the Office for Fair Access that its proposals will not disadvantage any students.

Professor Lee said: "This university has a great record on widening participation and won't need to have more targeted bursaries in light of the across-the-board low fee."

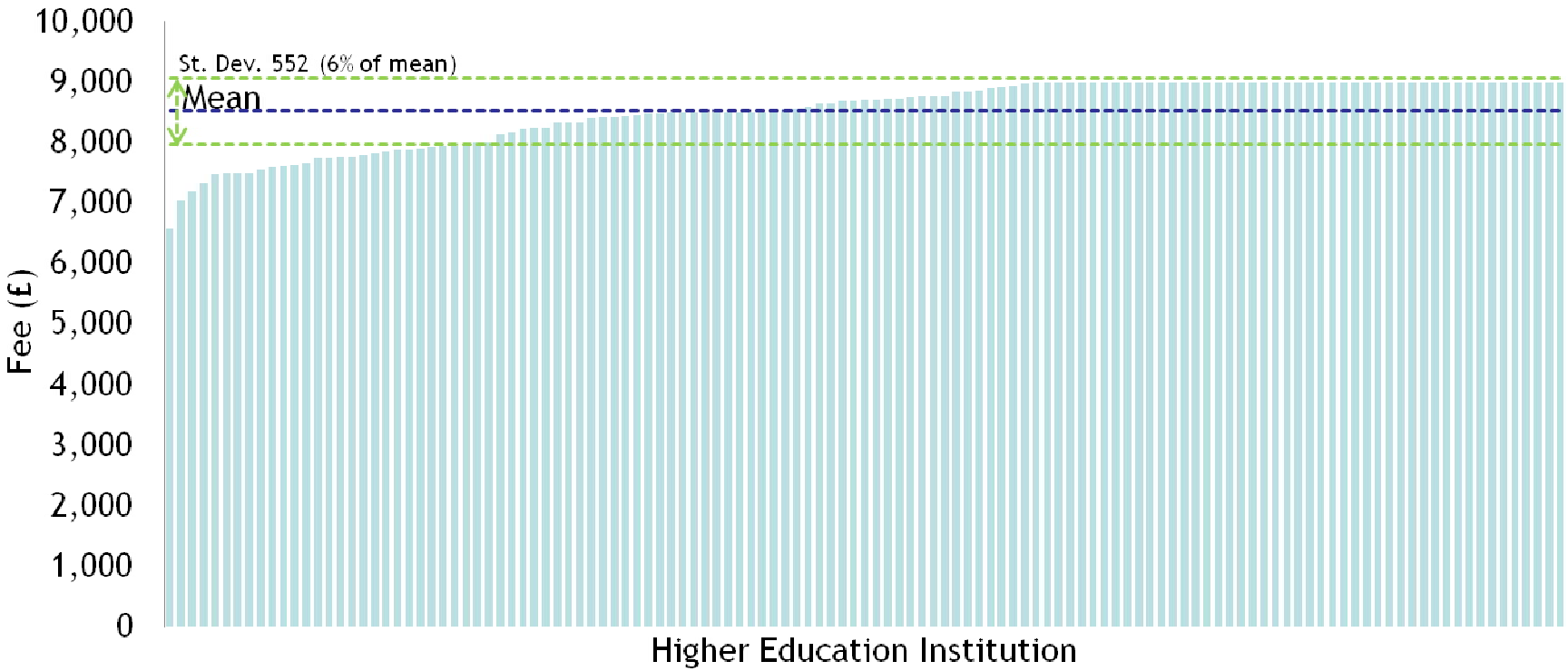
He said the university aimed to build relationships with its students that would last a lifetime. "Our students will leave with a lower debt. The long-term benefit of studying at Leeds Met will be clear," he said.

THE now available on iPad
CLICK TO DOWNLOAD
THE WORLD UNIVERSITY RANKINGS GET THE FREE APP NOW
Available on the App Store
THE Early Career Academics
AT HOME ONLINE ON THE MOVE
CLICK HERE FOR YOUR FREE TRIAL ►

Printable version
Comment on this story
View comments on all stories

Internet | Protected Mode: On
95%
09:53
15/10/2012

Home/EU estimated average fee 2012-13: HE institutions



University of Leicester

What we found

- Some price elasticity but core pricing strategies not applied in HEU UG market.
- Why?
  - But HEIs have to charge well below £9k for it to kick-in.
  - Opportunity costs high.
  - Reference pricing exists.

University of Leicester

- Information in slides can be re-used but must be cited as University of Leicester