

## Decisions, decisions...

### Top-up fees and student choice

While the debate about top-up fees rumbles on, higher education institutions must make pragmatic choices about what they will or won't charge in the future, but how might this affect the student decision-making process?

A number of institutions have now established rigorous pricing policies that will provide guidance about charging potential based on the corporate portfolio and relative scope for student recruitment.

This approach certainly helps in terms of managing the financial implications of top-up fees for the organisation and provides a much-needed cog in the complex mechanism of business planning in higher education. Pricing policies will also enable organisations to decide whether a charge levied against some elements of the portfolio will enable the subsidisation of other areas: this is particularly important if universities or colleges want to protect a vulnerable or "marginal" programme that is deemed essential to the diversity of the portfolio as a whole.

There is, though, another side to the equation that demands attention and one that has the potential to raise the competitive temperature of the sector in a radical way, but just how many higher education institutions are prepared for the challenge?

#### THE NEW "COMPETITION"

Obvious though it is, top-up fees and the relative "cost" of enrolling on a specific programme will add significantly to the "reasons for choice" mix for potential students: if the higher education proposition is deemed "similar" at a number of institutions, the relative cost of fees will become increasingly critical as part of the decision-making process. Advance sector-wide investigations into the implications of top-up fees suggest that a key preoccupation for students will be relative value and, by definition, this will not necessarily centre on financial cost alone.

#### RELATIVE RETURNS

In this way, what the student gains in exchange for the top-up fee will become part of the competitive armoury of the organisation and students will make active comparisons between one organisation and another. HEIs must now decide what will be the associated proposition of their top-up fee charges:

- What form will the return on investment take for those students enrolling at organisations charging a particular level of fee?
- If students must pay more for their programme of choice, what direct benefits will they gain or experience that will help to prove that the expenditure was worthwhile?

#### TOP-UP FEES AND DIFFERENTIATION

Early indications suggest that students will expect to be informed in advance of the relative "returns" for fees charged by organisations and that they will actively seek to make comparisons between the top-up fees proposition at different institutions.

While some organisations may feel confident to rest on their laurels, those concerned about their market positioning and competitive edge are already making plans to communicate the relative benefits delivered in return for fees charged. So top-up fees "returns" will also translate into factors of differentiation for organisations.

## TANGIBLE OR INTANGIBLE?

The question remains, though, will the benefit be tangible or intangible? Will it be based on practical inducements in the form of, for example, IT equipment or access to facilities, or will it centre on verified added value in the form of enhanced tuition standards, competitive service levels or superior pastoral support?

Whatever the answer, the fact remains that students will ask increasingly for evidence of the return on their investment and will utilise the information to assist the decision making process.

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