

The Impact of Incentives on Prospective Undergraduates' Decision-making

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Introduction

'It's a nice bonus to have an incentive, but it's not going to be the deciding factor. It's about getting the best education and degree possible for your future.'

The end of 2011 saw articles in the press highlighting the growing trend of universities offering applicants a variety of incentives to encourage them to make an institution their preferred choice¹. dh insight decided to explore what impact, if any, such incentives were having on individual students' decision-making.

Three mini focus groups were held in December 2011; two at an Academy School and one at a Community School, all with Year 13 students who were predicted As and Bs at A-level. The students had completed their UCAS forms and had predominantly applied to traditional universities at the higher end of the league tables. The research was deliberately small-scale, with the intention being to identify initial reactions to incentives and to highlight areas for further investigation.

Each group was initially given a range of hypothetical incentives to discuss. These incentives were then linked to descriptions of different types of university (please contact dh insight for full details). The purpose was to explore whether incentives had an effect in isolation and/or whether the type of institution made any difference.

NB for the purpose of this report, the word 'incentive' is used as a blanket term to cover scholarships, cash payments, fee waivers and gifts in kind (such as laptops) offered to applicants by universities.

¹ See for example GRIMSTON, Jack, 2011. 'Cash and free laptops to lure A-grade students'. The Sunday Times, 4.12.11, p5.

Key Findings

Decision-making

There was a definite split between those participants who were already very clear which university was their first choice and those who were still undecided between two institutions.

Perceptions of universities were drawn from a number of different factors including word of mouth reputation, league table position, specific course content, open day experiences and location.

Final decisions were likely to be made after attending post-offer open days; confirming the importance of the visit experience in the decision-making process.

Awareness of incentives

There was some awareness of additional incentives, either through word of mouth or because participants themselves had been offered incentives by institutions on their UCAS short list. Just under half had no prior awareness of these activities.

Incentives that participants had been offered were all financial and ranged from a £500 scholarship for an A* at A-level, to a £1,000 fee reduction for A*AA at A-level, to a potential £5,000 scholarship based on the results of a university-set exam.

The participants claimed that none of these incentives were persuading them to change their minds regarding specific institutions; they were simply added bonuses if linked to their university of choice.

Scenario testing

Those participants who had already decided on their first choice university argued that financial incentives, regardless of their scale, were highly unlikely to change their minds. They had already invested emotionally in their decision and so would not be swayed in this way. *'If you've already set your heart on a city or a uni then it wouldn't make a difference.'*

There was consensus across the groups that the increase in fees had made them more aware of the importance of choosing the right course, which would increase their career opportunities, at the right university for them; ie somewhere where they would feel at home and be well supported for the duration of their degree. Additional financial support would not be worth it if the course and the institution did not meet these needs. *'It's more about whether I like the university itself rather than the money that they offer.'* *'It's about going to a good university and getting a good degree - that's what's important.'* *'Money can't be the most important factor - it's too important a decision.'*

Institutional reputation was very important for all the participants; their assumption being that 'red brick' or 'Russell Group' universities (their terms) were viewed more favourably by potential employers than other universities. Incentives from more modern institutions and/or those further down the league tables were therefore not considered to be effective. Participants would not consider 'trading down' (in their view) in order to receive financial incentives. *'I've had a few emails saying if you get AAB then they'll offer scholarships, but it's the unis I wouldn't put at the top of my list, so it's not going to make that much of a difference.'*

For the majority of participants, therefore, financial incentives would only start to play a part in decision-making if participants were undecided between two very similar courses and/or universities. *'Money makes it an easier choice if I really can't decide between two universities.'*

Different types of financial incentive

These particular groups were very well informed regarding the new fees and funding system and this knowledge appeared to inform their perceptions of the different types of financial incentive offered by institutions.

Fee waivers, although at first sight the most attractive, were considered to be less appealing than scholarships once the participants had thought through the implications of reducing their long term debt over the need for financial assistance whilst actually studying. £1,000 when they started at university was thought to be more useful than a £1,000 reduction in their fees, as the latter would (in their eyes) make little difference to their debt repayments once they were working.

The language used also made a difference to the appeal of an incentive; for example, participants preferred the idea of gaining a scholarship over being given a fee waiver or a bursary. *'The use of the word 'scholarship' inclines you more towards it than if it was just 'reduced tuition fees' because it sounds better when you're applying for jobs in the future.'*

Participants also preferred the idea of being individually chosen to receive a scholarship, on the strength of their academic record or UCAS personal statement, rather than a university making a blanket offer to all its applicants.

Perceptions of institutions offering incentives

The general belief was that the higher the league table position, the less likely an institution would be to offer financial incentives, as such universities would not need to entice applicants in this way. *'A really good uni is probably really picky and can choose who they want. So if they're having to bribe you to go there, it doesn't look good.'* *'I wouldn't imagine Russell Group unis doing it a lot because they are the top unis.'* Although, at the same time, group members had experience of being offered financial incentives from just this kind of institution. The difference appeared to be that these were viewed as scholarships for academic achievement rather than incentives to encourage them to choose a particular institution.

All of the participants appreciated the idea of being given additional financial support by the university of their choice, as this was seen as a way of confirming that they were making the right decision; that the university was keen to have them. The important factor seemed to be that the participants had already made their decision and the scholarship or fee waiver was seen as an added bonus rather than the institution trying to persuade them to enrol. *'It wouldn't change my choice but if I was wanting to go there anyway, then it would make me feel even more positive about the university!'*

The participants assumed that lower ranked, 'insurance choice' universities would be offering incentives as a way of trying to attract higher grade students. The consensus was that they would rather choose a university with generally high entry requirements over an institution that usually had lower entry requirements but who offered a financial incentive to higher grade applicants. *'Is it because they want you, or just because they want people with better grades?'*

Participants also perceived certain incentives to be somewhat coercive; ie only being offered the incentive if the applicant put the university as their first choice institution. *'It sort of implies that they feel they need to do that because they're not as good as the other ones - they know they wouldn't be your first choice otherwise.'*

Optimal level of financial incentive

The participants discussed the point at which a scholarship or a fees waiver could potentially influence their decision. It was agreed that anything under £1,000 would be nice as a bonus, but would be unlikely to make any difference to their decision. £2,000 or more would be tempting if they were undecided between two institutions. *'Anything helps but to really be swayed it would have to be a couple of grand at least.'*

Timing of incentives

There was general agreement that if participants had been aware of financial incentives from particular institutions before they had researched their UCAS options, then the incentives may have had more of an impact on their decisions; ie participants may have considered different universities if they had had prior knowledge of any incentives offered. Receiving this information after they had submitted their UCAS forms and/or visited institutions was too late as perceptions had already been formed.

Group members had already accepted that they would have to pay £9,000 per annum if they wanted to go to what they considered to be a 'good' university. Financial issues were therefore not as influential now as they would have been earlier in the cycle; ie when the participants had to decide whether or not they were prepared to pay this amount of money in the first place. The potential impact of a scholarship or fees waiver was therefore lessened at this stage in the decision-making process, making it a 'nice to have' rather than a key decision-making factor.

Different types of incentive

The groups discussed the appeal of other types of incentive such as free laptops, book grants, subsidised field trips and reduced accommodation fees. Participants argued that, although these would all probably be helpful once they were at university, this type of incentive would have less immediate appeal for applicants. In addition, participants preferred the idea of receiving money rather than gifts in kind, as they were able to choose for themselves how to spend it.

Possible implications for universities

dh insight would like to reiterate that this was a small scale investigation. It has, however, highlighted certain themes related to the offering of incentives and the recruitment process as a whole that may be of interest to higher education institutions:

- The increased importance of employability and career progression as key factors in the university decision-making process due to higher fees.
- The significance of timing in terms of when to inform enquirers/applicants of additional incentives - decisions are often made relatively early in the cycle.
- The strong influence of open days/visit days in terms of narrowing down university choices.
- The power of language to either encourage or deter potential students.
- The need for students to feel that they are making their own decisions without coercion - ie not wanting to be 'bought' but to have their academic ability rewarded.
- The continuing perception that certain institutions are more prestigious than others in the eyes of future employers.
- The difficulty inherent in changing students' minds once a decision has been made.

We therefore suggest that the following are introduced or re-evaluated by institutions:

- Universities inform enquirers during the early stages of decision-making of any additional incentives that would be offered to applicants.
- Incentives are portrayed as recognition for academic (or other) achievement.
- More research is conducted to confirm whether or not scholarships (ie short-term gain) are more effective than fee waivers (long-term gain).
- General and post-offer Open Days are reviewed annually to ensure that they provide enquirers/applicants with a positive experience and encourage an emotional identification with the institution.
- Applicants are 'kept warm' during the decision-making cycle by receiving targeted, personalised communication from universities.
- Institutions focus on providing evidence-based information on career progression and links with businesses/industry for courses/subject areas.

We would also recommend that individual universities test their propositions with their target market to ensure that they are relevant and appealing.