

Introduction

London Economics have researched the factors that influence university selection based on the choices made by almost 700 parents in an online choice experiment run by YouGov. The aim of the analysis was to identify and evaluate the characteristics that are most likely to make a parent choose one university over another and to explore how the importance of these factors differs across universities. In some cases, the important factors include information such as university **rankings** or the **employment outcomes of graduates**, while in other cases, these factors include financial considerations such as the **tuition fees** charged, or the availability of **fee waivers**, **bursaries** or **scholarships**. We were also interested in understanding the intrinsic brand value of a **university's name** on student choice, and the positive or negative associations that this may generate in parents' minds.

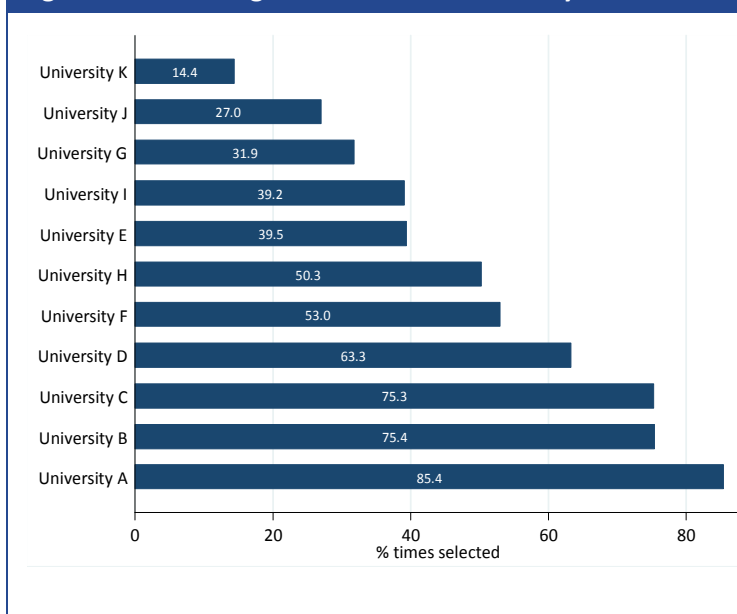
How was the choice experiment looking at university selection set up?

A random sample of almost 700 parents with children either undertaking or approaching 'A' Levels took part in this 'choice experiment'. Independently, we assembled a range of information on 11 different universities across England. These universities were selected to represent a variety of universities, from universities that top university ranking tables to universities ranked outside the top 100. The labels given to the universities reflect recent rankings, with University A representing the highest ranked university of the group and University K representing the lowest ranked.

On six occasions, parents were presented with information about two randomly selected universities, and based on the information presented, were asked to select their preferred option. Although these universities have been anonymised in this paper, in roughly half of cases, respondents were shown the actual names of the universities. In some randomly selected cases, universities' rankings were hidden. We also varied the information presented on the level of tuition fees, fee waivers and bursaries within a relatively small range so we could identify the impact of these factors on parental choice. Using sophisticated econometrics, this approach allowed us to analyse the impact of the various pieces of information presented (tuition fees etc.)

on parental choice, as well as the impact of the university's name and ranking in isolation.

Figure 1: Percentage of times each university selected



When the **complete set of information** about the universities was presented (university name, ranking and the fees/ bursary package), Figure 1 shows how often each university was selected of the total number of times that it was presented as an option.

The main result to note is the large difference in selection rates between the most popular university (over 85%) and the least popular university (under 15%). Knowing that respondents have clear preferences for particular universities, we were motivated to discover the factors driving these preferences.

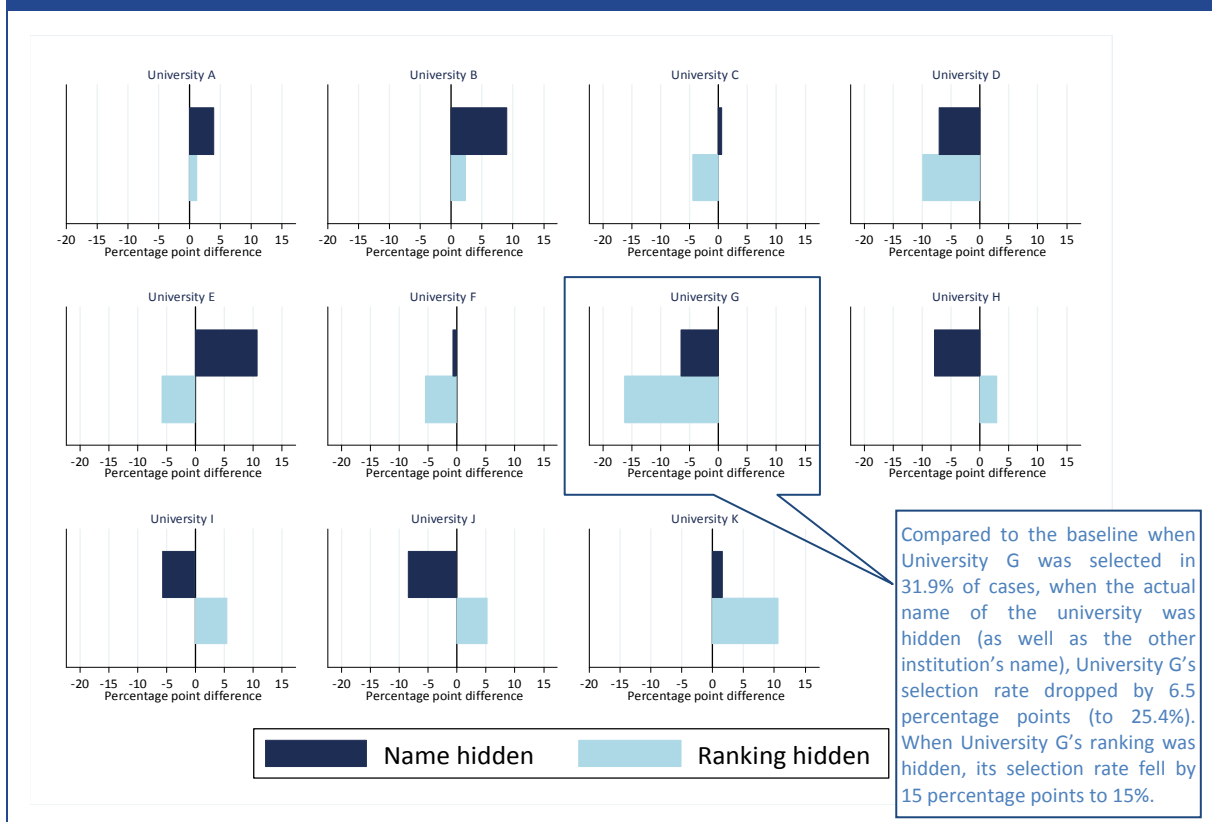
What is the impact of the name and ranking on university selection?

Figure 2 shows how selection rates for each university were impacted by obscuring either the university name and/or ranking. For instance, for parents who were asked to choose between **University G** and another university, the selection rate for University G dropped by **6.5 percentage points** when the names of the two universities were hidden (selection rate of **25.4%**) relative to the case where both names and

rankings were shown (**31.9%**). In contrast, the selection rate for University G dropped by over **15 percentage points** when both universities’ rankings were hidden. This suggests that University G benefits from **both** its name and ranking, but more so from its ranking than the name. For four other universities, selection rates drop when their ranking is hidden (**Universities C, D, E and F**). For each of these universities, the results of our analysis suggest that they could benefit from making potential applicants more aware of their rankings.

Five of the universities have a higher selection rate when the university name is hidden than when it is shown (**Universities A, B, C, E and K**). The implication of this result is that the names of these universities have a potentially *negative* perception in parents’ minds – at least relative to their opinions of the universities based on other objective attributes such as ranking, graduate employment rates, fees and bursaries. These universities may benefit from highlighting these other attributes rather than relying on name alone.

Figure 2: Difference in selection rates when name or rank hidden



Source: Analysis by London Economics and data from YouGov

Estimating the value of university characteristics

While university name and ranking were shown on some but not all occasions, parents were always provided with some information relating to graduate employment levels, potential tuition fee levels, and the level and type of bursary (cash, accommodation or fee waiver) that their children might expect to receive from each university based on their household income level¹.

Using the variation in the tuition fees and the other variables presented (such as university ranking, graduate employment rate and fee bursaries), we were able to estimate a monetary ‘value’ for these variables. For instance, we were able to assess the additional tuition fee that university might be able to charge (per student per annum) if its ranking were to be one place higher.

¹ The personal characteristics of parents such as age, gender, social grade, job type, region of residence were also noted.

One main finding from the modelling is that, on average, each ranking place is worth approximately **£43 per student per annum** in additional tuition fees. In other words, for every ranking place improvement achieved by a university, tuition fees could be increased by £43 per student per annum without negatively impacting the original university selection. The results also show the value that parents place on graduate employment rates. Specifically, an increase in the graduate employment rate by 1 percentage point is ‘worth’ just over **£122 in additional tuition fees per student per annum**, implying that the impact of graduate employment rates is three times more valuable than a one place increase in ranking.

Table 1: Estimated value of different university characteristics

University characteristic	Estimated value
University ranking	£42.92
Graduate employment rate	£122.34
Fee waiver (per £1,000)	£280
Accommodation waiver (per £1,000)	£210
Cash (per £1,000)	£530

Note: In order to estimate the value of a ranking place, the model was estimated using the data where participants were shown the ranking of the universities. For the other characteristics, the estimation was undertaken using the data where participants saw then name of the university but did not see the ranking. Since not all participants were eligible for bursaries, the estimated values for bursaries were scaled upwards to represent the value of the bursary to a recipient.

Source: London Economics and YouGov

This means that a university with 3,000 new students undertaking three-year undergraduate degrees in 2012/13 could potentially generate an extra **£1.1m** in tuition fee income if its graduate employment rate was 1 percentage point higher than currently the case (equivalent of just 30 more students in employment or FT education 6 months post graduation!). Using a similar approach, an improvement in a university’s ranking by 1 position would be expected to increase fee income by almost **£0.4m**.

How do parents compare fee waivers, bursaries and scholarships?

It was also possible to assess the relative *economic value* of various bursaries, fee and accommodation waivers in terms of the potential tuition fee increases necessary to maintain current university selection rates. For instance, we estimated that a tuition fee increase of £280 would need to be accompanied by a £1,000 fee waiver to maintain university selection rates.

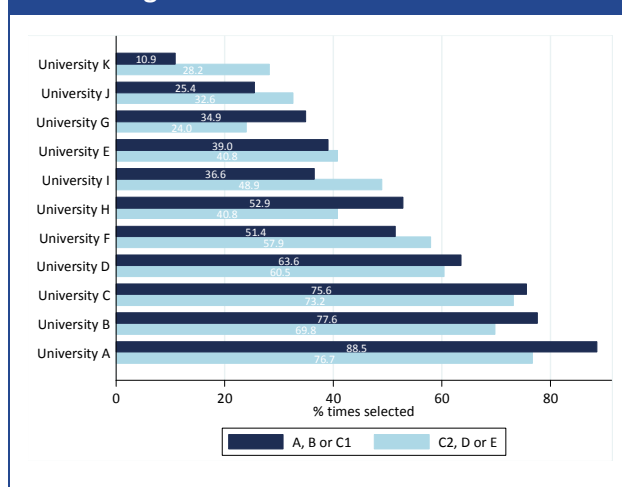
Unsurprisingly, cash is the most highly valued enticement and accommodation has the lowest value to parents. A £1,000 accommodation bursary to eligible students would sustain a £210 per annum increase in tuition fees, while a £1,000 cash bursary would sustain a £530 per annum increase in fees.

Are all parents or students the same?

Information on the personal characteristics of the participants such as age, gender, social grade, job type, salary and region of residence were collected as part of the experiment. This information allowed us to study how university choice and the factors that influence university choice vary across different groups of parents.

One personal characteristic of interest is self-reported social grade as it is becoming increasingly important for universities to be able to attract students from non-traditional backgrounds – and because of the associated requirements faced by universities charging tuition fees in excess of the basic amount via Office for Fair Access (Offa) Access Agreements.

Figure 3: University selection rates by social grade



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University E in particular had the most balanced rate of selection across different social groups, while **University K** was most likely to achieve relatively high selection rates amongst parents with social class C2/D/E (2.58 times more likely compared to parents with A/B/C1 social class).

Conclusions

There are three main conclusions from the analysis:

- It is possible to identify a number of the factors that influence university choice and how these might depend on the personal characteristics of the student or parents (such as gender, social grade, student prior attainment, or household income);
- It is possible to place a value on these various factors, which when aggregated across the student cohort can be relatively significant; and
- The importance of these factors varies across universities and the choice of comparator universities.

About London Economics

London Economics is a leading European economic consultancy firm specialising in the provision of high quality research in public policy, competition and regulatory economics. We are committed to providing expert economic and financial advice across the public and private sectors, both within the United Kingdom and internationally. Underpinning our work is a strong commitment to placing our clients' needs centre-stage and to delivering methodologically robust and independent analysis.

London Economics' Education and Labour Markets Team

London Economics' has extensive experience in the education sector having undertaken many high profile projects ranging from the evaluation of early years policy interventions to the analysis of further and higher education funding systems. Our clients include central government Departments and non Departmental Public Bodies, the European Parliament, European Commission and OECD, as well as individual higher education institutions and university mission groups. Our Education and Labour Markets team is led by Dr Gavan Conlon

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