OPTIMAL PRICING OF EXECUTIVE MBA PROGRAMS

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ABSTRACT

The purpose of this research is to determine the most strategic tuition pricing strategy that can be utilized by senior management in Business Schools when pricing Executive MBA Programs. To determine this information, the state of the Executive MBA market and three pricing strategies were reviewed in detail and an analysis ensued on the viability and applicability of each strategy for pricing Executive MBA Programs. The main findings of this study indicate that the "Value Based" pricing model is the potentially most strategic strategy that can be implemented, out of the pricing models evaluated, for pricing Executive MBA Programs so long as Business Schools have the ability to not only align the value of a particular program to the market demanded value but can also effectively communicate this value in the marketplace. The results of this exploratory study can have significant implications on the discussion of pricing Executive MBA Programs on senior management within Business Schools.

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INTRODUCTION

Executive MBA Programs are considered the most lucrative degree programs within graduate management education. (Zell, September 2005). Deans, who are under immense pressure to grow revenues and resources, often turn to its institution's Executive MBA Program as its gateway to increase revenue. Universities themselves, often view its Executive MBA offering as a "cash cow" and net contributor to the bottom line. (Simmons, Wright & Jones, 2006).

The Executive MBA offering is traditionally a full MBA offered by an institution within the executive style format. The offering, which utilizes a premium pricing strategy, includes significant "bells and whistles" above and beyond the traditional full-time or part-time MBA programs. (Petit, 2005). Such "bells and whistles" can include overnight accommodations for residencies, food throughout the program, laptop computers as well as travel expenses for the capstone international experience. (Speizer, January 15, 2007). In addition, Executive MBA students are willing to pay a premium as they can complete this degree in a time efficient manner while keeping their full-time jobs. (Petit, 2008).

Overall, Executive MBA Programs have proven to be "cash cow initiatives" for many institutions. A simple example can be seen with Queens University and the University of Western Ontario, both Canadian institutions, who have generated over $15 million per year on EMBA tuition revenue alone. (Canadian Business, November 11, 2002). As one can see, Executive MBA Programs can be a powerful revenue generator.

With all this as a background, the purpose of this research is to illustrate, in detail, three specific pricing strategies Business Schools can implement for the successful management and execution of its Executive MBA Program. While the functional area of Marketing indicates that "Product", "Promotion" and "Place" are instruments to communicate value, "Price" is the only vehicle to capture this value with revenues and profits. (Nagle and Holden, 2002). With this said, the goal of this study is to not only discuss in detail three separate pricing strategies and their potential applicability as a strategy to price Executive MBA Programs but it will also determine which is the most potentially effective for Business

Schools to implement in order to capture the optimal amount of value through revenue and profit generation.

It is the general belief and hypothesis of this research that the "Value Based" pricing model is the most effective strategy that Business Schools can implement in order to capture and maximize value. Even though corporations are paying less and less full freight for such programs, it is the hypothesis of this research that executive students are willing to pay more out of pocket for these programs if the value exists and it is effectively communicated. Consequently, the goal of this research is to determine and illustrate why the "Value Based" pricing model is potentially the most effective for Business Schools to utilize.

Overall, this paper will discuss the state of the Executive MBA industry as well as what the research has documented on pricing practices within this sector. It will then introduce three pricing strategies in detail and will analyze the viability and applicability of each strategy for pricing Executive MBA Programs. Conclusions will then be determined as to the most strategic pricing strategy.

LITERATURE REVIEW

The Executive MBA Industry

From a historical perspective, the first Executive MBA Program was launched by the University of Chicago in 1943. (Embaworld.com). By the 1960s, universities began to explore the Executive MBA concept further as it allowed executives the opportunity to obtain the MBA degree in a time efficient manner while remaining employed and it also allowed institutions of higher education the opportunity to increase the leadership skills of these high level executives. (EMBA.org). Such contact with professionals can not only potentially increase the resources and reach of any Business School in question but it can also develop, within the EMBA Cohort structure, a tight bond and camaraderie among the classmates that is very powerful. (Petit, 2008). In 1981, the Executive MBA Council was formed with the assistance of AACSB International and by 2000, the EMBA Council become an independent organization due to the domestic and international growth of such programs. (emba.org).

Therefore, the purpose of this next section is to illustrate the status of the Executive MBA market from an overall industry perspective. At first glance, there certainly seems to be momentum and growth moving the industry. Yet when one digs deeper, there are indicators, more specifically the dwindling level of full corporate financial support plus the growing disparity of program tuition, that can leave a significant impact on the industry. This next section will discuss the trends coupled with these factors.

Overall, the Executive MBA market continues to grow. This is especially true with new programs developing outside the United States. (EMBA Council, 2007). More specifically, 84% of all non U.S. programs have been established since 1990 with private institutional programs receiving a 21% growth rate since this time. (EMBA Council, 2003). There has also been a 25% increase with the admission application rate for Executive MBA Programs with the Northeast region within the United States experiencing a 14% increase with applications received and an 8% increase in class size. (EMBA Council, 2007). As a result, acceptance rates for such programs have decreased from 67% to 63%. It should also be noted that 57% of programs worldwide are considering program expansion either by increasing enrollments or by offering their program in different regions. (EMBA Council, 2007). Furthermore, the mean class size for such programs has increased from forty two (42) students in 2007 to forty four (44) students in 2008. (Business Wire, December 19, 2008). In 2008, enrollment has remained steady. (EMBA News, Fall, 2009).

Executive MBA students are also not only very satisfied with their academic experience but have also witnessed a surge with their mean salaries. More specifically, 99% of students would not only refer their programs to prospective students but also 33% received a promotion during their studies. (EMBA Council, 2005). In addition, 80% of graduates indicate that their value to their employer increased upon enrolling in a program and almost all graduates mentioned these programs either met or exceeded expectations. (Executive Connections, 2008). Such value has led to a 21% increase in the overall mean salaries for EMBA graduates jumping from $96,300 in 2001 to $130,056 in 2007. (EMBA Council, 2007). In 2008, this figure increased to $144,361. (Desiderio, Spring 2009).

The above mentioned statistics are the positive indicators that have emerged from the market which has illustrated growth and momentum. However, the dwindling level of full corporate financial support, for example, cannot be ignored. More specifically, in 2001, 44% of Executive MBA students enrolled received full corporate financial sponsorship to attend these programs. (EMBA Council, 2003). In 2007, this figure has decreased to 33%. (EMBA Council, 2007). In 2008, this figure has decreased further to 32%. (Business Wire, December 19, 2008). In addition, in 2001, only 9% of students enrolled were self-funded. (EMBA Council, 2003). In 2007, this figure is up to 33%, a major increase. (EMBA Council, 2007). This percentage has remained steady in 2008. (EMBA News, Fall 2009). Overall, what these trends indicate are that the demand for Executive MBA Programs from the prospective students is growing even though companies are paying less and less tuition to support such degrees. This change in corporate support, according to Ethan R. Hanabury, Associate Dean for EMBA Programs at Columbia Business School, is fundamentally changing the entire paradigm of the industry. (Speizer, January 5, 2007).

In addition to the dwindling levels of corporate support for such programs, another area of concern can be seen with the vast disparity of tuition prices for these programs. For example, within the New York City market, there are five main Executive MBA providers. Four of these schools are private institutions while one is a public institution. According to each Business School's web site during the Spring 2010 term, each program has the following total tuition price as listed in descending order: $144,000, $138,000, $137,000, $85,000, and $70,500. As one can see, there exists a vast disparity of tuition pricing for the New York City market with other markets being no exception.

Yet how do institutions strategically price Executive MBA Programs? One general theory is to price a particular program similar to what the mean salary of the students enrolled in that program. (Scalberg, Spring 2001). Since each of the above prices are from institutions from the New York City market, there exists a strong possibility that the mean salary for students enrolled for such programs are well above the $100,000 mark. The mean salary, for example, for students enrolled in the Fordham University Executive MBA Program in New York City in 2009 was $132,371. (Enrollment Statistics, 2009). Hence, this could be a potential rule of thumb that certain institutions follow. However, there is not much available research on the strategies that institutions of higher education utilize to price such programs.

As one can see by the data that has been presented, Executive MBA Programs seem to be operating in the growth stage of its product lifecycle at least on the international level. The proliferation of programs both within the United States and abroad substantiate this growth. (Petit, 2008). However, the dwindling levels of full corporate financial support along with the disparity of tuition prices among various programs can potentially have an impact on the future direction of the industry. Such a phenomenon can certainly impact institutions given the imperative and strong financial motivation Business Schools have to grow such programs. (Jahera, 2006). This phenomenon can also impact the future tuition pricing strategies that institutions can implement.

Three strategies that could potentially be implemented in pricing Executive MBA Programs are the "Value Based Pricing" Strategy, the "Dynamic Pricing" Strategy and the "Customer Segmentation by Value Perception" Strategy.

The "Value Based" pricing model differs significantly from the traditional "Cost Based" pricing model. Within the "Cost Based" strategy, the price is determined by the overall costs incurred by producing a specific product coupled with the forecasted sales volume for that product. (Nagle & Holden, 2002). Once the price is determined within the "Cost Based" model, it is left to the marketing and sales divisions to communicate the value of the product in the hopes that the consumer will purchase it. The sequence for the "Cost Based" strategy can be seen as follows: (1) Product; (2) Cost; (3) Price; (4) Value; and (5) Customer. (Nagle & Holden, p. 4, 2002).

An overall flaw with this strategy is that it is very difficult, if not almost impossible, to accurately predict the forecasted sales volume for any product in question. (Nagle & Holden, 2002). Since the price determination within this strategy is so tied to the overall costs of producing the product plus the forecasted sales volume, it is very common to not achieve targeted revenue goals as a result of a discrepancy between the forecasted volume verse actual sales volume. Overall, common mistakes within the "Cost Based" pricing model can be seen by "overpricing" in weak markets and "underpricing" in strong markets. (Nagle & Holden, 2002). Hence, here lies the major weakness with the "Cost Based" pricing model.

However, the "Value Based" pricing model can potentially avoid such an occurrence. Within the "Value Based" strategy, price is not determined by the overall costs and forecasted volume but rather on what the customers or prospective customers truly value with the product or service in question. Once the key value drivers are deciphered, a price is then determined based on the thrust of this value. Once the price is determined, it is then critical for the marketing and sales divisions of the organization in question to effectively communicate this value in the marketplace. The effective communication of this value is central to how customers perceive and respond to the price determined. With this said, the sequence for the "Value Based" pricing model can be seen as follows: (1) Customers; (2) Value; (3) Price: (4) Cost; and (5) Product. (Nagle & Holden, p, 4, 2002).

Overall, within the "Value Based" pricing model, the goal is to determine what in fact customers truly value and then price accordingly. The goal is to price the product and/or service on the producer's desired price offering and effectively communicate the value per that price. Costs and forecasted volume do not dictate the price within the "Value Based" pricing model. (Nagle & Holden, 2002).

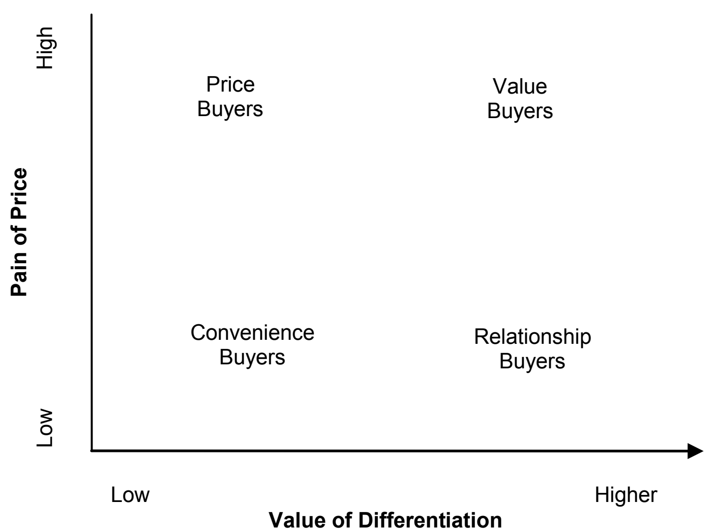
The second pricing strategy that can be utilized is "Dynamic Pricing". Within this strategy, prices respond to changes with demand pressures in the market in either real time or near real time. This strategy has been a long-time staple within the airlines and hotel industries. (Sahay, Summer 2007). There exists two mechanisms for the "Dynamic Pricing" strategy. The first mechanism is to establish "posted prices" visible to all interested consumers. The second mechanism, which is referred to as "price discovery", allows consumers and potential consumers the ability to determine the acceptable price points which will be paid. (Sahey, 2005). This can be seen in the airline industry where consumers know, understand and accept that if the airline ticket is booked months in advance, a lower rate will prevail. However, if the ticket is purchased just prior to the flight, a much higher airfare will be the result.

Consequently, within the "Dynamic Pricing" model, the price will fluctuate for specific reasons and consumers know, understand and accept this phenomenon as part of the rules. In order for a "Dynamic Pricing" strategy to be fully effective, there must exist a "high latitude of price acceptance" and consumers must feel that they have participated, own and understand the pricing process. (Sahey, 2005). The goal of "Dynamic Pricing" is to offer customers, in a transparent format, the various price levels in which a particular product can be purchased. If done effectively, this non-fixed pricing strategy can potentially result in higher revenues and profits. (Sahey, Summer 2007).

The third strategy that can be implemented is the "Customer Segmentation by Value Perception" strategy. Within this strategy, it is critical to know and understand the type of customers who traditionally purchase one's products and/or services over time. Such an analysis will allow organizations to know and understand not only how one is perceived in the marketplace but also what one's brand identity is all about. More specifically, this strategy is based on price and value sensitivities for one's products and services. Once such sensitivities are revealed and discovered, such knowledge can certainly dictate future pricing strategies for one's goods and services. (Nagle & Holden, 2002).

Table 1 illustrates the "Customer Segmentation by Value Perception" strategy. Within Table 1, there are four types of buyers for products and services in the marketplace. These buyers are as follows: (1) Price Buyer; (2) Convenience Buyer; (3) Value Buyer; and (4) Loyal (Relationship) Buyer. These unique set of buyers all have distinct perspectives on price and value sensitivities for any product and/or service in question. For example, the "Price Buyer" traditionally has a very "high pain of expenditure" and a very "low pain for differentiation". The "Price Buyer" will purchase a product and/or service on price alone and traditionally has no loyalty to a product or service if a less expensive alternative suddenly becomes available. (Kotler, 2005). The price in and of itself is the driving force behind the "Price Buyer."

Table 1: Customer Segmentation by Value Proposition



In Customer Segmentation by Value Perception, there are four types of buyers for products and services in the marketplace. These buyers are as follows: (1) Price Buyer; (2) Convenience Buyer; (3) Value Buyer; and (4) Loyal (Relationship) Buyer. These unique set of buyers all have distinct perspectives on price and value sensitivities for any product and/or service in question.

The "Convenience Buyer", however, can have a very "low pain of expenditure". So long as the product is "convenient" for one's lifestyle then the consumer will most likely purchase the product, regardless of the price. The "Convenience Buyer" also traditionally has a very "low pain for differentiation". (Nagle & Holden, 2002). The "convenience" of the product or service in and of itself, whether based, for example, on location, scheduling or timing, will be the top attribute of importance for the "Convenience Buyer" exceeding that of product differentiation.

The "Value Buyer" certainly values what the product or service is all about. The "Value Buyer" will usually have a very "high pain of expenditure". If the "Value Buyer" perceives that this product has the acceptable amount of value that this consumer is seeking, then this buyer will make that investment. This buyer will not, however, make an investment on a product or service if there is a belief that the value level does not meet one's expectations. The "Value Buyer" also subsequently needs a very "high level of differentiation". Again, the product must have an acceptable level of value. Within the concept of value, the product or service must be differentiable, unique and must satisfy a specific need or desire amongst consumers. (Kotler & Keller, 2006). Therefore, the "Value Buyer" demands this acceptable level of differentiation for the product that he or she is seeking.

The "Loyal Buyer" (Relationship Buyer) does not traditionally have a "high pain of expenditure" nor does this buyer traditionally have a "high value for differentiation." The "Loyal Buyer" already has a very strong preference for a brand based on past experience or brand reputation. Overall, the "Loyal Buyer" does not believe there is an urgent or even serious need to evaluate the product/service alternatives in the marketplace so long as the trust between the consumer and brand has not been broken. (Nagle & Holden, 2002). In general, the "Loyal Buyers" will remain even if the product and/or service is on the declining stage of its lifecycle. The "Loyal Buyers" are with a brand until the end.

METHODOLOGY

This study carefully examines the current status of the Executive MBA market and its increasingly important role as a revenue generator for not only Business Schools but for Universities themselves. Three pricing strategies are then discussed in detail with a goal of determining each strategies' potential applicability and effectiveness with the successful pricing of Executive MBA Programs. Conclusions are then determined as to the benefits and also shortcomings of each strategy with the ultimate goal of providing senior management with a roadmap of capturing maximum value with its Executive MBA pricing strategy.

Strategy # 1 – Value Based Pricing

Can "Value-Based" pricing be effectively implemented for Executive MBA programs? In order to answer this question, one must first determine what product attribute (s) do Executive MBA students actually value in the offering?

There have been two recent studies that have addressed this issue head on. The first study analyzes price sensitivity for fifty (50) randomly selected prospective Executive MBA students, within the Northeast region in the United States, during their search and selection process for programs. The goal of this study was to determine where does the pricing attribute rank in terms of importance during both phases of search and selection.

The results of this study indicate that during the Executive MBA search process, the following attributes were ranked, in order, as principle attributes of importance during this process: (1) Program Format; (2) Brand Value of Institution; (3) Program Location; (4) Length of Program; and (5) Program Price. (Petit, 2008).

However, when it came down to selecting an Executive MBA Program to attend, the attributes of importance changed somewhat. Below please find how prospective students ranked the following attributes of importance during the Executive MBA selection process: (1) Program Format; (2) Brand Value of Institution; (3) Program Price; (4) Program Location & Length of Program (Tie); and (5) Cohort Format. (Petit, 2008).

The results of this study indicate that the Program Format and Brand Value of Institution attributes take on critical importance during the Executive MBA search and selection process for prospective students which was reinforced by the significance level of the p-value of the test statistic. Such formats, for example, can be the traditional every other Friday/Saturday or the one weekend per month (Friday-Sunday) model. Even with a changing Executive MBA market which has seen not only a dwindling level of corporate financial support for such programs, a more junior candidate interested in these programs but also increased program options available, the tuition price for such programs does not rank as the top attribute of importance when searching and selecting a program. This study indicates that prospective students are willing to pay more out of pocket so long as the format is convenient for today's busy executive and the institution has a top quality brand perception in the marketplace. (Petit, 2008).

A similar study, namely the Second Annual Executive MBA Council Student Entry Benchmarking survey, released in March 2008, reinforced these findings. The conclusions of this study indicate that a School's Reputation and the Program Format ranked as the second and third most important attribute when selecting an Executive MBA Program for prospective students. The top ranked attribute in this study was the Quality of Faculty. (EMBA Council, 2008).

Overall, these studies indicate that price is not the leading attribute of perceived value during the Executive MBA search and selection process. Prospective students value something greater than the price, namely the program format, the overall brand of the institution and the dynamic faculty. With this said, a "Value Based" pricing model can potentially work effectively for Business Schools who are offering the Executive MBA Product. In order to do so, the value of the brand plus the format of the program as well as the top rated faculty must be effectively communicated within the marketplace and must be the top value drivers communicated to prospective students. If done so effectively, prospective students, according to the research, should be willing to pay more out of pocket for such programs given the recent decline in corporate financial sponsorship so long as the program is priced accordingly to its value as compared to its competitors. If also done effectively, in a "Value Based" pricing format, the goal would be for prospective students to pay the price that the institution would like to offer the product rather than basing it on the cost, the forecasted volume and what the consumer is initially willing to pay. The key to the whole process is for institutions to be as innovative and effective as possible in communicating the top value drivers of Executive MBA Programs as seen by prospective students. Given that there already exists research on these value drivers, the "Value Based Pricing" strategy can potentially be very effective.

<u>Strategy #2 –Dynamic Pricing</u>

The second question one must ask is can the "Dynamic Pricing" strategy be effective in pricing Executive MBA Programs? Overall, there are various potential methods that this can be done. First, are there any opportunities to create itemized options for students? More specifically, instead of all students paying one fixed tuition rate for a program, can there exist various payment levels similar to Economy Class and Business Class within the airlines, in which students can select to participate? For example, if there exists within an Executive MBA Program residencies within a conference center, can students be offered a lower tuition rate if they do not utilize the overnight room accommodations at the conference center? Can they be offered a different tuition rate if they buy their own lunches instead of having it included in the tuition? Similar to the airlines, can a program charge a lower tuition price to someone who commits to a program months prior to it commencing as opposed to weeks before it commencing? In addition, if there exists stronger demand for prospective students to start an Executive MBA Program during the Fall start date, as opposed to the January (Spring) start date, can a lower tuition price be charged for the January (Spring) start date in order to encourage prospective students to start their studies in the Spring as opposed to the Fall?

The examples above are potential scenarios in which Executive MBA Programs can implement a "Dynamic Pricing" strategy within its business model. By offering transparent price options to the market, prospective students can freely select which payment options work best. In addition, if done correctly, such a strategy, as indicated in the literature, can not only potentially increase sales revenue but can also lessen peak time periods and transfer the excess demand to periods of undercapacity.

The only hesitation that exists if an institution were to implement a "Dynamic Pricing" strategy is in regard to class camaraderie and bonding. One of the key takeaways of any Executive MBA Program is the bonding that forms as a result of this cohort program. (Petit, 2006). If students were to be offered different price options and as a result, different services, features/benefits and program experiences, this could perhaps have a negative impact on the overall cohort bonding that results from a fixed price Executive MBA Program structure. Mr. Mandell Crawely, Senior Vice President at Morgan Stanley and a member of the Fordham University Executive MBA Class of 2009 indicates that his "classmates made his EMBA Experience….traveling the entire academic journey with the same group of people created a tremendous bond within our cohort." Therefore, creating different price points and a potentially different experience among the individuals within the cohort could have a major impact on the EMBA Experience. Overall, it should be noted that additional research in this area must be conducted to test if in fact this potential phenomenon is correct.

<u>Strategy #3 – Customer Segmentation by Value Perception</u>

The third question that must be asked is can the "Customer Segmentation by Value Perception" pricing strategy be effective in pricing Executive MBA Programs? In order to determine the answer to this question, one must seek out who has traditionally purchased one's products over time. For example, have the students who have attended a specific Executive MBA Program been "Price Buyers" or "Convenience Buyers" or "Value Buyers" or "Loyal Buyers?" Once this is determined, then perhaps an effective pricing strategy can be implemented.

In addition, if it is found that the students who have attended a specific Executive MBA Program are considered "Price Buyers", then these students are attending a specific program for price alone. While these students may value some form of program differentiation, the tuition price is the driving factor behind enrollment. If this is the case, one strategy a specific institution can follow is to keep its tuition as the most attractive tuition for Executive MBA Programs within that market. If price is what traditionally drives students to enroll at a specific institution, then keeping the tuition option low can be an effective strategy.

Alternatively, if it is discovered that students who attend a specific Executive MBA Program are "Convenience Buyers", then institutions should realize that this student population are not necessarily price sensitive or value sensitive. The convenience of the Executive MBA offering, whether based on schedule, location, timing, etc., is the driving force behind enrollment. If this is the case, then an aggressive pricing strategy may be a good option.

If it is discovered that the students who attend a specific Executive MBA Program are "Value Buyers", then it is imperative that an institution keep innovating. The students should be willing to pay a premium for the offering so long as these students believe that the Executive MBA Program is offering or exceeding the value that is desired. Such value can be various offerings such as the institution's brand, dynamic faculty, strong student base, job placement and alumni networking to name a few. Consequently, "Value Buyers" are willing to pay for such value and differentiation. It is thus imperative that institutions understand what are the value drivers and build this value accordingly. If this is continually achieved, institutions should be able to adhere to an aggressive and/or premium pricing strategy.

Lastly, if it is discovered that the students who attend a specific Executive MBA Program are “Loyal Buyers”, then institutions should be able to charge a premium for the offering since “Loyal Buyers” are, to a certain extent, price insensitive and do not value differentiation. Consequently, institutions do not necessarily have to rush to innovate with “Loyal Buyers” since these buyers would like to attend as, for example, because four generations within their family have attended this university. Therefore, if many students in a program are considered “Loyal Buyers”, institutions must realize that this student base will not be price and value sensitive and should develop pricing strategies accordingly.

Overall, the “Customer Segmentation by Value Perception” strategy, if strategically applied, can potentially allow an institution of higher education to maximize its revenue and profits within its Executive MBA offering. The potential negative repercussions of this strategy is that it can limit a Business School and Executive MBA Program from a positioning perspective. While it allows a Business School to capitalize, from a pricing perspective, from the buyers who attend a program, it does not potentially allow a particular program to reach out to a new segment and/or new set of buyers. This strategy, in essence, can potentially limit a program seeking to expand to varying value perception customers.

IMPLICATIONS ON AACSB ACCREDITATION

Implementing a pricing strategy that is strategic in nature for an institution's Executive MBA Program can have a positive impact on the institution on all fronts, including the AACSB Accreditation process. However, a non-strategic pricing strategy can potentially have negative implications on the product (program) itself, the brand image and inevitably the Accreditation process. Overall, according to the AACSB web site, this international accreditation agency for “Schools’ of Business” assures the following for the multiple stakeholders of an accredited institution: (1) manage resources to achieve a vibrant and relevant mission; (2) advance business and management knowledge through faculty scholarship; (3) provide high-caliber teaching of quality and current curricula; (4) cultivate meaningful interaction between students and a qualified faculty; and (5) produce graduates who have achieved specified learning goals. (http://www.aacsb.edu/accreditation/).

As one can see from these assurances, the goal for attaining AACSB Accreditation status is to assure all stakeholders of a particular institution, as well as the institution itself, that it is delivering the best possible business education that it can deliver. With this said, a pricing strategy for an Executive MBA Program that is not strategic in nature can potentially have a direct impact on the perception of the "teaching quality" and "curricula" frameworks within these assurances.

More specifically, an Executive MBA Program that implements a top tier premium pricing strategy is potentially vulnerable to negative consumer perceptions if the product does not deliver or meet expectations. For example, an institution that implements this strategy is open to having prospective as well as current students undergo what is known as the "Price-Quality Effect". This phenomenon occurs when the price of a product or service is a signal of value or expected value that the consumer will receive through consumption. Overall, a high price, within the “Price-Quality Effect” psychologically signals greater value. (Nagle & Holden, 2002). Whether it is, for example, a $350 per hour lawyer verse a lawyer that charges only $100 per hour, there is a naturally tendency to believe the lawyer that has a rate of $350 per hour is providing a better service. This same concept can hold true for Executive MBA Programs. Since students are paying a premium in tuition, there is a natural tendency to believe and expect that the entire program experience, which can include the faculty, curriculum, classmates and career service options, to be top rate. (Petit, 2006). Consequently, if institutions are going to charge a top tier premium price for its Executive MBA Program, it must now more than ever deliver on the academic quality of the product itself as a result of this “Price-Quality Effect.” If a program falls short of expectations, there could be major disappointment among the student stakeholders. Such disappointment will not bode well when these students are interviewed by an AACSB Visiting Accreditation Team especially within the "teaching quality" and "curricula" assurances.

The second area of concern for an Executive MBA Program that is not strategically priced falls under the "End-Benefit Effect". Overall, a program that implements a top tier premium pricing strategy could also fall victim to the "End-Benefit Effect" among prospective and current students. The "End-Benefit Effect" is the relationship of a specific purchase to a larger benefit or end goal. (Nagle & Holden, 2002). More specifically, if a student pays a premium tuition price, especially out of pocket, what is the expectation and/or the "end benefit" of the student? Is it job placement? Is it being a part of a dynamic and professionally diverse alumni network? If an Executive MBA Program does not deliver on this expected "end benefit" then the current students and/or program alumni will not be potentially satisfied with the overall Executive MBA Experience. If this occurs, such dissatisfaction will be communicated during the AACSB Accreditation Process when the Visiting Team interviews the alumni stakeholders. Overall, a non-strategic pricing strategy for Executive MBA Programs could in fact have a negative impact on the AACSB Accreditation process especially within the "Price-Quality Effect" and the "End-Benefit Effect". Such a pricing strategy can set expectations among stakeholders which may not be met thus leading to dissatisfaction.

CONCLUSION

The Executive MBA market has experienced change. Among these changes are an increased number of prospective students and program options available, a steady dwindling of full financial corporate sponsorship, a more junior candidate submitting applications and a disparity of tuition prices for such programs. With these changes occurring within this market, senior management within Business Schools must be very strategic with their tuition pricing strategies, now more than ever, for these high revenue generating programs.

A summary of the three pricing strategies presented for this paper can be seen in Table 2. From this research and subsequent analysis, it appears that the "Value Based" pricing model is the most strategic one to implement. The reason supporting this conclusion is that there have been recent studies generated indicating what in fact Executive MBA prospective students' value during the program search and selection process. If institutions can keep proactively informed of this desired value and can effectively communicate this value in the marketplace, industry trends have indicated that prospective and current Executive MBA students are willing to pay more out-of-pocket for such value.

Table 2: Summary of Pricing Schemes Presented

Strategies	Key Elements
Value Based Pricing	Price product and/or service on producer's desired price offering and effectively communicate price accordingly.
Dynamic Pricing	Fluctuate price via demand pressures in market Allow for posted price and price discovery
Customer Segmentation by Value Proposition	Determine current customer scheme (Price Buyer or Convenience Buyer or Value Buyer or Loyal Buyer) and Price product or service accordingly

This table summarizes the key points of each pricing strategy discussed within this research. From this research and subsequent analysis, it appears that the "Value Based" pricing model is the most strategic one to implement.

The "Dynamic Pricing" model, while it has potential in generating a high level of tuition revenue, certainly presents risks. The risks associated with this strategy has to do with student bonding and camaraderie that develops within a cohort. These interpersonal dynamics naturally develop when a cohort travels the "academic journey" with one another. (Petit, 2006). They are, in essence, in this program together as a unit. If students pay varying tuition prices for such programs, it may take away this unit type of mentality which can be a big takeaway of such programs. Consequently, in order to determine if the "Dynamic Pricing" model is a strategic strategy to implement, additional research must be completed as to its potential impact on the student bonding experience.

Lastly, the "Customer Segmentation by Value Perception" model has its merits as it itemizes how one's brand is not only perceived in the marketplace but also what consumers' value from one's brand. As a result, institutions can then price the Executive MBA offering accordingly. However, the weakness of such a strategy is that it does not potentially allow an institution to rebrand itself via price. In essence, the "Customer Segmentation by Value Perception" model allows institutions to price on current market perception as opposed to pricing on future or desired market perception.

Overall, additional research must be conducted as to determine the most strategic pricing strategy senior management in Business Schools can implement for pricing Executive MBA Programs. Once that is determined, institutions will not only create value with its Executive MBA offering but will also capture the optimal level of value with its pricing strategy.

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