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ABSTRACT

Because threshold pricing's scope for course price development had a good potential for application to the marketing of services by nonprofit organizations, this study's purpose was to determine the existence and applicability of course price thresholds or ranges to the decisionmaking framework of adult educators, with special reference to professionally-oriented university continuing education programs. Using results from an extensive socioeconomic questionnaire completed by 242 participants attending 11 continuing education courses at the University of British Columbia, hypotheses based on threshold pricing theory were tested. Significant differences existed between course prices and participant-determined upper and lower bound prices. Positive and significant correlations occurred for selected "wealth" and "continuing education commitment" variables, as both variables related to upper and lower bound prices. The author notes that the study defined beneficial uses for both market segmentation considerations and threshold pricing practices as each related to adult education; however, it is suggested that further studies be conducted to broaden the scope of these marketing strategy techniques. The first half of this paper provides background information on concepts related to product pricing and consumer reactions. The second half describes the study. (SH)

THRESHOLD PRICING: A STRATEGY FOR THE MARKETING OF ADULT EDUCATION COURSES

by

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INTRODUCTION

This paper does not intend to convey a popular notion that adult educators, whether they be called instructional agents, program administrators, or program planners, are in any respect misplaced marketing managers. Rather, it is adult education's dynamic structure which allows these individuals, from time to time, to draw from other disciplines. Marketing is merely one of those "other disciplines" which, given specific field-oriented circumstances, may offer adult educators answers to definable problems. [1]

Inasmuch as adult educators must understand and use various accounting techniques or psychological/sociological concepts, one would hardly consider such individuals as professional accountants, psychologists or sociologists. Nor, just because a range of marketing techniques may be useful should one feel obliged to state that adult educators are becoming closet marketing managers. Within the spirit of adult education's "emerging discipline" context, relatively little attention has actually been devoted to marketing management, and even less to this paper's major concern: course pricing.

PROGRAM PLANNING -- THE FRAMEWORK FOR COURSE PRICING

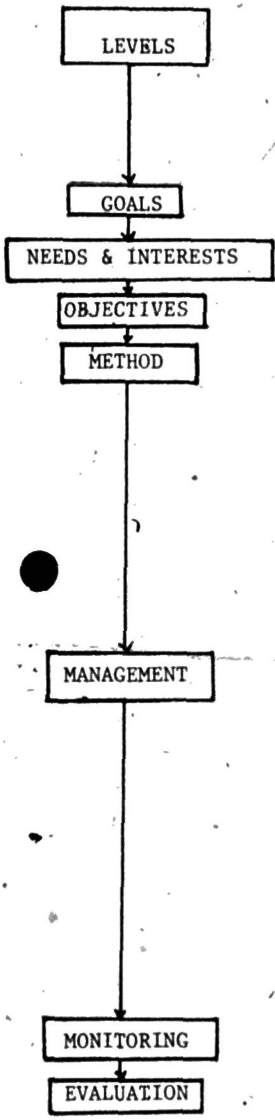
Course pricing should be considered a program planning function. Determining course prices implicitly begins when an adult educator decides at what level a program will be presented; that is, at a community, institutional or activity level; and during the participant needs assessment process. Actual determination of the course price occurs when one begins to 'arrange institutional factors influencing participation".[2]

As depicted in the program planning model below (Figure 1, page 3), the programming level assumes environmental circumstances which, to some extent, affect the pricing alternatives available to the adult educator. For example, community program planning, because of political, historical, budgetry or other traditional factors, may not present a situation where any direct charge be brought to the participants. As one develops courses at the institutional and activity program planning levels, the courses are usually more delineated and lead to a greater possibility for course prices. Furthermore, institutional and activity program planning levels may have their own traditional heritages which determine a range of price lines.[3]

The above examples constitute implicit pricing structures available to adult educators. Within these implicit structures participant needs assessments should, if properly conducted, further narrow potential course price variability. For example, if an institution wants to program for senior citizens, the needs assessment should indicate, especially through socio-economic data, that these participants have limited disposal income to spend on such courses.

FIGURE I

A PROGRAM PLANNING MODEL*



A. Community program planning

B. Institutional program planning

C. Activity program planning

1. Outline general program goals
2. Assess needs & interests & establish priorties
3. Define program objectives
4. Select method
5. Arrange institutional factors influencing participation:

    a. Select location & facilities
    b. Determine timing - season, days, hours.
    c. Establish frequency & length of sessions & length of program
    d. Identify group size
    e. Determine budget & participant cost
    f. Arrange promotion & publicity
    g. Select & train instructor(s)
    h. Develop means for evaluation

6. Monitor implementation of program
7. Evaluate & determine future action.

*Source: B.J. Thieffeld, Tri-State Continuing Education Conference, Vancouver, B.C.: U.B.C. Adult Education Research, Feb., 1977.

On the other hand, needs assessment related to institutional programming for accountants, engineers or other professional groups may clearly indicate potential course prices in excess of $100.00 per course.[4]

Course prices are explicitly developed when an adult educator attempts to arrange various institutional factors influencing participation. As indicated in Figure 1, this constitutes the management function of program planning and the point where predetermined conceptual foundations for course price considerations normally exist.[5]

An individual's conceptual foundation usually dictates a pricing attitude ("charge what the market will bear" or "keep it as low as possible--just cover expenses") and, therefore, the actual course price.

There are two generalized concepts related to any product or course price consideration. This is fundamental whether it be a private sector or public sector product/service price decision.[6] One conceptual framework looks at adult education courses as if they were "economic man" goods;[7] the other, as if these courses were consumer shopping goods.[8]

ADULT EDUCATION COURSES AS "ECONOMIC MAN" GOODS

This conceptual foundation has been derived from economic theory where price: (1) is assumed to influence buyer choice because price serves as an indicator of purchase cost, and; (2) is based upon the principle of rationality.[9] This principle is characterized by the following points: (1) complete information about economic conditions, both present and future, are known to the rational economic man, (2) there are no institutional or psychological factors which impede action, and; (3) individual action has no significant influence on the price structure.[10]

The above assumptions are manifested in the form of the demand curve or, as it is also called, the demand schedule. This schedule is defined as "the demand for the amount of a particular good or service that consumers are willing and able to buy at each price in a set of possible prices during a specified period".[11]

A fundamental characteristic of rationality and the demand curve is the inverse relationship between price and quantity demanded; that is, as the course price increases, for example, from $6 to $30, enrolment would be expected to decrease from 53 participants to 6 participants. (see Table 1, page 6) Total revenue or course fee multiplied by the number of participants would then drop from $318 to $180. As the course fee decreases from $30 to $6, the enrolment level would be expected to increase, for example, from 6 to 53 participants because "more people substitute it for other goods".[12]

Although consumer demand analysis based on classical economic theory still exerts considerable influence, criticism of the basic assumptions and results derived therefrom have been voiced since the 1700's when Bernouilli noted that "...the subjective value of money or its 'utility' is not necessarily the same as its monetary worth".[13] Thorstein Veblen (1899) also argued that "many purchases were motivated not by intrinsic needs or satisfaction, so much as by the search for prestige".[14] These early attempts to explain man's purchasing behaviour, not "as an economic unit in the market ... (but) ... as a consuming unit in the market"[15] were finally acknowledged

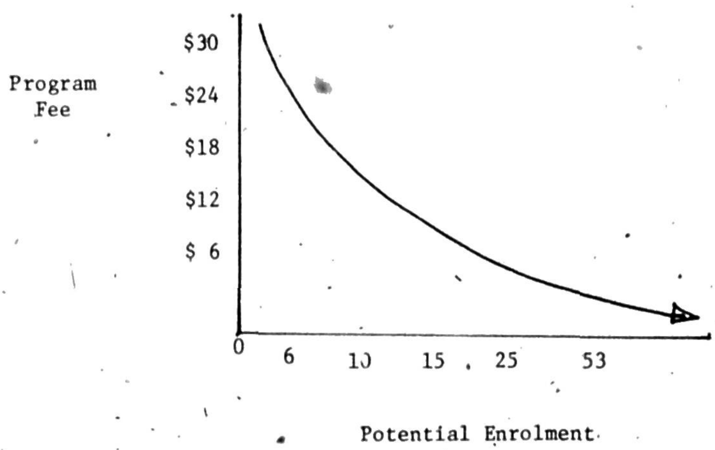
TABLE 1

A HYPOTHETICAL DEMAND SCHEDULE FOR
AN ADULT EDUCATION COURSE

Course Fee	Potential Enrolment	Total Revenue
$30	6 participants	$180
24	10 participants	240
18	15 participants	270
12	25 participants	300
6	53 participants	318

FIGURE 2

A DEMAND CURVE REPRESENTING THE
HYPOTHETICAL DEMAND SCHEDULE



*Source: P.A. Samuelson and A. Scott, Economics: An Introductory Analysis, Toronto, Ont.: McGraw-Hill, 1966.

when Tibor Scitovsky presented a major paper before the Marshall Society at Cambridge University on March 2nd, 1945. In his paper Scitovsky made reference to a fundamental problem in the rationality assumption by stating that because of the wide range of products the shopper is "no longer an expert shopper", and one must "judge quality by indicies of quality", that is, "the size of the firm, its age" ... and ... "price..."[16]

The above arguments generated within the discipline of economics have led marketing analysts to look beyond the price of the good as a sole definer for consumer purchasing behavior and into conceptual foundations "based on consumer buying habits."[17]

THRESHOLD PRICING - AN ALTERNATIVE TO THE PRINCIPLE OF RATIONALITY

Tibor Scitovsky's criticism of the economic theory of demand has allowed social scientists from economics and related disciplines to consider other forms of consumer reaction to given price structures. As pointed out by Dorfman:

> "So the question of relevance reduces to whether consumers, consciously or not, behave in the way asserted by this (economic) theory. In examining this question, the theory must not be taken too literally." [17a]

The omnipotent individual demanded by economic theory's rationality principle was also attacked by Engel, Kollat and Blackwell. These authors asked consumers to state the price of various products. As indicated in Table 2 (page 8), the rationality principle can

TABLE 2*

COMPARISON OF CUSTOMERS' ESTIMATES OF PRICES WITH ACTUAL RETAIL PRICES ON HIGHLY ADVERTISED ITEMS

Product	Rank in Exact Price Recognition	Customers Naming Exact Price (%)	Customers Within 5% Higher or 5% Lower (%)
Coca-Cola (6-pack)	1	86	91
Kleenex 400's	3	34	44
Cambell tomato soup	6	30	49
Carnation milk	9	25	33
Pet milk	12	23	49
Duke's mayonnaise	15	21	38
Domino sugar, 5 lb.	18	20	67
Breck shampoo	21	19	21
Colonial mayonnaise	24	18	20
Red Band flour, 5 lb.	27	18	42
Scott towels, large	30	16	24
B & M baked beans	33	15	27
Heinz catsup	36	13	27
3-D bleach, 1/2 gallon	39	12	15
Silver Label coffee, 1 lb. (Colonial)	42	11	13
Dole Sliced Pineapple	45	9	22
Black Peas, 1 lb.	48	8	19
Pillsbury angel mix	51	6	13
Span, 12 oz.	54	5	20
Minute rice	57	3	13
Colonial shortening, 3 lb.	59	2	34

*<u>Source</u>: James Engel, David Kollat and Toger Blaikwell, <u>Consumer Behaviour</u>, Second Edition, Toronto, Ont.: Rinehart and Winston, 1973.

hardly be stated to exist. This in turn casts doubt on the generally accepted attitude by many individuals who must price products and/or services, including adult educators, that potential purchasers will react to prices as the previous economic demand schedule implies.

If, as Dorfman has stated: "...we see that our theory (economic) must be regarded as a simplified approximation to consumer behaviour"[18]; what alternative is available for an individual involved with the pricing function?

Scitovsky responded to this problem by dealing with consumers' responsiveness to price through a new and possibly a stronger (for the field at least) formulation: the concept of threshold pricing. In his original formulation he delt with potential thresholds as follows:

> "In a certain sense, we always attribute two prices to every commodity. We think of a commodity's traditional past price as its 'normal' or 'fair' price, which denotes its worth. We contrast this price with the commodity's actual price whenever the two happen to be different. Only when the two prices differ from each other are we conscious of a commodity being cheap or expensive."[19]

Even at this early time in the development of subjective price analysis, Scitovsky realized that price is a more complex criterion than many authorities seemed to feel. Consumers are often unaware of the exact prices for many products, and it may be, as many authors suggest, that there is a range of acceptable prices. As long as a price falls within this zone of indifference, then the price may not be much of a factor, although it can become quite significant when ranges are exceeded. And, as more recently stated by Dorfman:

> "The market for any commodity consists of a great many consumers, each of whom has balanced his budget within limits of tolerance set by his powers of discrimination. Most of the consumers are well inside their limits of tolerance; they will not react to small or moderate price changes. But some are very close to the limit; they feel, say, that the price of movies is undesirably high. Those consumers will react to a price change."[20]

Monroe and Venkatesan have also defined threshold or limit as "a point or region on a scale where a response shifts from positive to negative, or negative to positive, as the case may be."[21] Within the structure of price determination, Stoetzel stated that "the eventual purchaser perceives a band of prices above a particular price, as constituting a risk of not giving adequate value."[22]

As far as the framework within which the consumer develops the price range, Monroe points out that "the reaction to the price stimulus is subjective at best since subjects can be assumed to be reacting to that price relative to an entire set of purchase decision variables."[23] However, the primary research determining various consumer factors which may identify the upper and lower bounds of the price threshold for a given product, product line, or group of similar or competing products has not been pursued beyond relating the bounds estimations to a given price stimuli. Furthermore, Monroe noted that: "the hypothesis of a standard price serving as an adaptation level for price judgements has not been directly tested ... (although) ... evidence does support the plausibility of this hypothesis."[24]

Shapiro, continuing with Scitovsky's line of thought about a fair or standard price, suggested that consumers will not be expected to react to small price changes or price-quality relationships unless there are perceptible price changes from the so-called norm.[25]

Gabor and Granger, because of a prior study of consumer price knowledge, stated that customers did not enter the market with a series of demand schedules as postulated by economic demand theory. What, in fact, was occurring led them to restate Adam and Stoetzel's hypothesis that customers enter the market with two price limits, an upper and lower bound. "An alternative, and we believe superior approach to price determination is to gage if the price sensitivity is significant, to examine the ranges of price acceptability of each of the more important socio-economic sub-groups."[26] In this sense, "...the long-established fact that consumers' behaviour can change abruptly when certain limits are approached ..." is valid.[27]

Olander also suggested that a buyer's price judgement is influenced by his perception of prevailing market prices and his perception of the price most frequently charged. "I have gathered data ... which indicate that the pattern of interaction between price and subjective quality of the product is influenced by the consumer's ideas about the price range in the market and by what he thinks is the price most frequently charged."[28] Olander was one of the first authors to realize that price sensitivity based on a given market price level or consumer expectation about a price is only a sub-analysis needing further expansion. The expansion should attempt to indicate what consumer factors affect the development of "fair" prices and price thresholds. "A number of psychological and other background factors (price consciousness, previous experiences with products, socio-economic status of household) may lead to a classification of a particular price by the consumer that is different from the price class intended by the price setter."[29]

McConnell found that his subjects (college students and their families) used the high priced brands of beer as a frame of reference for judging low and medium priced brands. "With a physically homogeneous product and unknown brand names, subjects perceived the highest-priced brand as being a better quality product than the other two brands."[30] Furthermore: "Because a new product or brand has no traditional price, no reputation other than the company's name, its quality is likely to be appraised largely by its price."[31] A maximum price observation was also derived by Fouille who asked his subjects the following question: "What is the price of the — item you buy?"[32] Their response correlated strongly with a question on the maximum price (r=.69), and less so for the minimmum price (r=.32).

Monroe pointed out that Uhl, in attempting to explain his respondents' lack of success in identifying the price last paid, observed that "in judging a price change, consumers use the range of prices last paid as a reference point."[33]

Furthermore, this perception of price changes by the consumer "was related to the importance of the product in the budget and frequency of product purchase."[34]

Kamen and Toman in studying gasoline prices concluded that consumers do have a "fair price concept" and that consumers have price thresholds or zones below or above which they will switch or regard the quality of an item more than before. Peterson noted "that for a product about which there is a lack of information (1) price would serve as major determinant of quality perception, and (2) the price perceived quality relationship would be non-linear; that is, there are sets of upper and lower price limits. Within these limits, price may well serve as an indicator of quality, but above and below them respectively, the product will be perceived as being too expensive or of questionable quality."[35]

In summary, Emery has been given credit for noting some important implications of threshold price theory:[36]

1. "A price judgement is a judgement of 'value for money' where value refers to use-value of some commodity for some person or persons."

2. "Price judgements are relative, not absolute; relative to what is known of other prices as well as being relative to the significance attached to the associated use values."

3. "There appears to be a 'normal' or standard price for each discernible quality level in each commodity class, and this normal price tends to act as an anchor for judgements of individual prices."

4. "There appears to be a range of tolerance or region of indifference about each such 'standard' and its associated quality level."

5. "The normal price or standard will tend to be some average of the prices being charged for similar commodities; that is, prices are not judged in isolation."

6. "A further effect of the range is that a shift in judgement of what is a standard price is more likely to occur when the range is extended than when the range is restricted."

7. "Despite the relative continuity of money scales (that is, divisible to ½ pennies) prices will be seen as a set of ordered categories (cheap-fair-dear) rather than as forming a continuum."

THE PROBLEM -- THE HYPOTHESES

Because of the importance of successfully pricing course offerings, adult educators should look beyond the decision-making scope embodied in the cost-related break-even attitude and begin to realize that the price of an educational offering is not just to be defined as a cost factor to the potential consumer. If the course price is derived mainly as a function of institutional costs such as instructor wages, overhead, or stationery, then the final course fee may not fall into an acceptable price range for the potential participants; that is, the participants may consider the price either too high relative to the expected value, or too low and question the course's quality. The latter observation has been referred to as the principle of price and imputed quality.[37]

Various consumer behavior analysts have suggested that buyers have a notion of a fair price (actual or perceived) and that "the eventual purchaser perceives a band of prices above a particular price at which the article is regarded as too expensive, and below another price, as constituting a risk of not giving adequate value."[38]

Therefore, the general problem chosen for investigation was to determine the existence and applicability of course price thresholds or ranges to the decision-making framework of adult educators, with special reference to professionally-oriented university continuing education programs. A specific research problem was also defined: do price thresholds actually occur around an "acceptable" price for continuing education courses?

The hypotheses are statistical in nature and attempt to react to the research problem in two ways:

1. to determine, based on methods duplicated from the literature, if thresholds do exist for professionally-oriented adult education courses, and;

2. to test for more detailed relationships between both upper and lower price thresholds and related socio-economic and participant interest scores.

As this study was exploratory, it should be noted that all previous threshold pricing studies dealt with tangible consumer products generally available throughout the private sector retail market. Continuing education courses are, however, not products but services and therefore intangible; the courses are not priced in the private profit-making sector but in the so-called public nonprofit sector, and are not available throughout a highly competitive retail market.

<u>Literature Hypotheses</u>

<u>Hypothesis 1</u>: There will be a significant difference between the actual price of the non-credit professional education courses and the participant designated <u>upper bound</u> price for these courses. (Enis and Stafford)

Hypothesis 2: There will be a significant difference between the actual price of the non-credit professional education courses and the participant designated lower bounds price for these courses. (Enis and Stafford)

Hypothesis 3: Participants will designate significantly more non-zero dollar($) lower bound prices than zero dollar($) lower bound prices, that is continuing education participants who attend professional education courses project a price and imputed quality attitude about their courses. (Scitovsky)

Hypothesis 4: High and low price thresholds will correlate significantly and positively with the price of courses. (Fouillé)

Exploratory Hypotheses

Hypothesis 5: Both high and low price threshold scores will correlate significantly and positively with participant:

Wealth Factors:

Hypothesis 5.1: Employability, that is, was the individual employed or not employed at the time of course participation:

Hypothesis 5.2: Job status score based on the Blishen Index of perceived quality of the individual's job:

Hypothesis 5.3: Income of the individual:

Hypothesis 5.4: Receiving fee payments from an outside source.

Commitment to Adult Education Factors:

Hypothesis 5.5: Total hours devoted to classroom attendance in continuing education courses within one year prior to entering the course under consideration;

Hypothesis 5.6: Personal need score related to attending the course under consideration; (Shapiro)

Hypothesis 5.7: Economic need score related to attending the course under consideration; (Shapiro)

Hypothesis 5.8: Attitude toward continuing education score; (Adolph and Whaley Index)

Hypothesis 5.9: Distance the participant had to travel to get to the course.

PROCEDURE

During the Summer of 1975 a random sample of 11 professionally designated University of British Columbia Centre for Continuing Education courses were chosen for this study. All 242 participants attending these courses completed an extensive socio-economic questionnaire. Various computer programs including MV-TAB and TRIP, as available through the University's Computing Centre, were used to develop descriptive information and perform the necessary t-tests and Pearson-r correlation coefficients.

The questionnaire's validity was determined using two methods. A pilot study was conducted during the previous summer (1974). Forty-nine students attending professional continuing education courses at the University completed the questionnaire.[39] They were personally asked to note any problems related to or criticisms of the questionnaire. Question responses were analyzed and appropriate adjustments made before the 1975 major study. The second validity check occurred after the participants completed the major study questionnaire. Twenty participants were randomly chosen and verbally asked about their written responses and whether or not they had any problems with the questionnaire itself. The pilot study proved successful as the major study sub-group indicated no response problems or errors.

The reliability of an existing price threshold for continuing education professional courses can be determined only through expanded studies using different types of students (general course participants), different courses and institutions. For this study however, a reliability check was achieved using the pilot and major studies. In both cases the participants did project upper and lower bound price thresholds which were significantly different from their respective course prices. In this limited sense, 49 different students in 9 different courses, one year prior to the major study, produced the same fundamental outcomes as the major study itself.

FINDINGS

Literature Hypotheses

Threshold pricing theory states that the price range which includes both the upper and lower bound prices should vary around a "standard"product price. For this study the "standard" product price was the mean price charged for all courses attended by the participants. The upper bound and lower bound prices were the mean scores obtained from the participants' response when they were asked to present both an upper and lower bound price for the course they were attending.[40]

Although the literature does not specifically state that the upper and lower bound prices should vary significantly from the mean price of the good or service, it was tested for such an occurrence. If there was a significant difference between the mean course price and the respective mean upper and lower bound prices, with particular reference to the upper bound price, one could the speculate with some confidence that increasing professional course fees at this institution would not affect attendance to such an extent that total revenue would drop. In economic theory terms, the demand curve would be classified as "inelastic".[41]

> Hypothesis 1: There will be a significant difference between the mean price of the professional non-credit education courses and the participant designated upper bound mean price for these courses.

> Hypothesis 2: There will be a significant difference between the mean price of the professional non-credit education courses and the participant designated lower bound mean price for these courses.

T-tests between the mean course price and the separate upper and lower bound mean prices were conducted. Given a t-prob. of $< .001$ (d.f. = 259) between the mean course price and the mean upper bound price, Hypothesis 1 was accepted. Hypothesis 2 was also accepted based on a t-prob. $< .001$ (d.f. = 264) between the mean course price and the mean lower bound price.

A foundation of threshold pricing is a pronounced price and imputed quality attitude by consumers towards products or services. It was assumed that individuals, when asked to designate a lower bound price threshold, would not state a $0 level. They will, in fact, begin to suspect the value of an item (or service) if it is priced too low; that is, at or below the theoretical lower bound price.

> Hypothesis 3: Participants will designate significantly more non-zero dollar ($) lower bound prices than zero dollar ($) lower bound prices.

A simple count of those participants who stated a $0 dollar lower bound price, as against all others, revealed that they were in the minority, constituting only 8.5% of the respondents. It would therfore appear that the price and imputed quality concept generally exists for the professional courses offered at the Centre.

Fouillé observed that consumer determined upper and lower bound thresholds are functionally related to the price of the good or service under discussion, or at least some average of related goods. Therefore, if the good is perceived as being in a class of expensive items, then the threshold range will relate to that higher price framework. If the price class is perceived as inexpensive (gum, soda pop) then the threshold range will relate to that lower price level. To judge if continuing education courses also show this price class vs. threshold price relationship it was suggested that:

> Hypothesis 4: High and low price threshold scores will correlate significantly and positively with the price of the courses.

The correlation coefficient between the mean course price and the participant determined mean upper bound price was $r=.53$ ($p<.01$); and between the mean course price and the mean lower bound price was $r=.39$ ($p<.01$). These figures compare favorably with Fouillé's findings of $r=.69$ (upperbound) and $r=.32$ (lower bound).[42]

Exploratory Hypotheses

Participants' choice of both high and low price threshold bounds may be associated with their level of wealth and their commitment to continuing education.[43] To test these two generalizations, nine separate hypotheses were developed, four related to wealth and five related to continuing education commitment.

Wealth

High and low price threshold scores will correlate positively and significantly with the participants'

Hypothesis 5.1: Employability status.

Hypothesis 5.2: Job status score. (Blishen Index)

Hypothesis 5.3: Income

Hypothesis 5.4: Receiving fee payments from an outside source.

TABLE 3

RELATIONSHIP BETWEEN THRESHOLD BOUND PRICES

AND PARTICIPANT "WEALTH" FACTORS

	Upper Bound Price	Lower Bound Price
	r	r
Employability status	.35[1]	.26[1]
Job status score (Blishen Index)	.32[1]	.24[1]
Income	.18[2]	.13[3]
Payment of fees by some other source	.18[1]	.11

Where 1 = $p<.01$; 2 = $p<.02$; 3 = $p<.10$

Participants' choice of an upper bound price is clearly related to all four "wealth" factors. The lower bound price had the same relationship as the upper bound price as far as employability status and job status score was concerned ($p<.01$). The relationship was not quite as strong with the income ($p<.10$ versus $p<.02$) and fee payment ($p=$ not significant versus $p<.01$) factors.

Commitment to Continuing Education

High and low price threshold scores will correlate positively and significantly with the participants'.

Hypothesis 5.5: Total hours devoted to continuing education.

Hypothesis 5.6: Personal need score.

Hypothesis 5.7: Economic need score.

Hypothesis 5.8: Attitude toward continuing education. (Adolph and Whaley Index)

Hypothesis 5.9: Distance the participant had travel to get to the course.

Commitment to continuing education consisted of five factors. It was expected that strength of involvement in continuing education would be related to total hours previously devoted to continuing education (Hypothesis 5.5), a positive attitude toward continuing education (Hypothesis 5.8) and place of residence (Hypothesis 5.9). Personal need (Hypothesis 5.6) and economic need (Hypothesis 5.7) are a form of more direct commitment with the specific course and the type of value the participant expected to derive from that course.

TABLE 4

RELATIONSHIP BETWEEN THRESHOLD BOUND PRICES AND PARTICIPANT COMMITMENT TO CONTINUING EDUCATION

	Upper Bound Price	Lower Bound Price
	r	r
Total hours devoted to continuing education	.20[1]	.22[1]
Personal need score	.01	.09
Economic need score	.14[2]	.13[3]
Attitude toward continuing education	.04	.05
Distance travelled	.33[1]	.25[1]

Where 1 = $p<.01$; 2 = $p<.05$; 3 = $p<.10$

Total hours devoted to continuing education ($p<.01$), distance travelled ($p<.01$) and economic need score ($.05>p<.10$) correlated rather well with participant responses to both upper and lower bound price considerations. The Adolph and Whaley Index and personal need score appeared to have little associative value with respect to price boundaries.

Participants' upper bound price designations were positively and significantly affected by: (1) the fact that they were employed rather than unemployed (Hypothesis 5.1); (2) their job status score on the Blishen Index (Hypohtesis 5.2); (3) their income (Hypothesis 5.3); (4) the fact that some other source paid their fees (Hypothesis 5.4); (5) the number of hours devoted to continuing education over the last year (Hypohtesis 5.5); (6) their economic need score (Hypothesis 5.6); and (7) distance travelled (Hypothesis 5.9)

Participants' lower bound price choices were positively and significantly affected by: (1) the fact that they were employed (Hypothesis 5.1); (2) their job status on the Blishen Index (Hypothesis 5.2); (3) the number of hours devoted to continuing education over the last year (Hypothesis 5.5); (4) distance travelled (Hypothesis 5.9), and to a lesser degree, (5) their income (Hypothesis 5.3), and; (6) their economic need score (Hypothesis 5.7).

In general, the theoretical foundations of threshold pricing appear to be somewhat applicable to professional continuing education courses offered by the UBC Centre for Continuing Education.

IMPLICATIONS,

Adult educators are, from time to time, confronted with problems similar to those faced by marketing management in business and industry. Both are concerned about market identification and satisfaction problems. Both must successfully compete for a portion of the consumer's budget in order to remain viable as service-producing institutions.[44]

To resolve these marketing problems, adult educators must present acceptably priced courses to the market at the proper time, in the proper location, and with an adequate amount of publicity. Although these four factors within the marketing mix (product, place, promotion and price) bear equal weight, the main focus of this project has been with price.[45]

The study's major purpose was to determine if threshold pricing's theoretical foundations were applicable to a selection of professionally - oriented continuing education courses conducted at the University of British Columbia Centre for Continuing Education. Based on the findings previously outlined, it would appear that a threshold pricing attitude exists for participants attending these non-credit professional courses. This threshold pricing attitude and the specific data derived therefrom may have specific marketing outcomes for adult educators.

1. Price should not be considered as the sole purchasing determinant. In the development of marketing strategies for various courses, the adult educator should now begin to realize that course price is only one of many consumer purchase decision "cues" or criteria. Course length, for example, has been shown to be a general purchase determinant.[46]

2. Consumer acceptance of a price and imputed quality attitude about continuing education courses also expands the marketing scope of adult educators. They should no longer take a philosophical or administrative stand that the "cheaper the better" is a total, complete or truly valid marketing strategy. In fact, just the opposite may be true. It was clear that the participants in this study may have suspected course quality or value if too low a price was advertised.

3. A market corollary to the above is the "state of the economy". Given continually high inflation rates, budget restrictions faced by adult education institutions, and the fact that most participants are generally aware of both situations, this may be an ideal time to consider rather large (relatively and absolutely) course fee increases for a wide range of professional courses.

4. There were a large number of participants taking professional courses who had their fees paid by others. This point, along with an inflationary psychology, institutional budgetary needs and a participant-based price and imputed quality consensus would indicate that a more aggressive pricing strategy should be considered. Furthermore, participants' incomes have risen and appear to be rising at faster rates than course fees. In economic terms, this simply means that participants have more discretionary income to spend on equivalent consumption goods such as stage plays, movies, or courses given by other institutions. Therefore, an adult educator's institutional revenue should reflect these various income increases, institutionally paid tutitions, and non-price consumption cues.

5. The existence of "rough" price thresholds rather than elegantly defined demand curves expands an adult educator's price marketing strategy. One need not attempt to determine one "good" or completely acceptable course fee. Rather, the range between the upper and lower bound thresholds generally allows a wider pricing latitude and a greater opportunity to increase total revenue. This latter point occurs because adult educators have a consumer determined price range with which to base normal cost-related pricing schedules. They could note if a course price fell to either extreme of the price range and then decide whether the course price would be acceptable.

6. Throughout the study it became clear that continuing education non-credit professional courses could be classified as consumer "shopping goods".[47] The courses represented this marketing category for four reasons: (1) the participants definitely lacked "full knowledge of pertinent product features"; (2) there were few, if any, bases for price comparison; (3) once the participants felt that they had found the right course, they were not too worried about the price, provided it was reasonable and fell within some participant defined threshold, and; (4) the importance of the retailer (university) and its image were very important.[48]

The marketing price implications related to the shopping goods classification are considerable. Because there were few bases for comparison, that is, little or no direct competition, and because the participants appeared generally incapable of acquiring full knowledge about comparative course characteristics, once they found the "right course" there was a good chance that the course was purchased. In both marketing and economic terms, this means that the demand for the service tends to be inelastic and that the price of any particular course could probably be significantly raised without a corresponding decrease in enrolment revenue.

The image value of the University in question was considerable for this "good's" classification. Since the comparison procedure was difficult, participants had a tendency to look for best approximations when deciding on value to be received. The perceived quality of the institution was a strong influence on the shoppers' perception of the course's value. Given similar circumstances, an adult educator should expect that "trading on" an institution's name could allow for course price increases without a significant enrolment loss, at least for participants already familiar with the institution (not an uncommon scenerio in adult education).

7. A unilateral pricing strategy that depends solely on a backward costing approach to course prices has two major faults: (1) it may create a pricing schedule that falls out of a consumer acceptable price threshold, and (2) it may not allow the institution to gain the highest possible revenue from courses. By considering that the price of a course is not just a cost for the consumer, but also a "cue" as to the course's value, then alternative consumer-oriented pricing strategies which are not so mechanical as formula-based strategies could be considered.

8. Threshold price considerations and goods classification paradigms are adequate frameworks for pricing strategy; however, the key marketing question remains: "Who are the consumers?" or, in the case of adult education: "Who are the participants?" An acceptable methodology for responding to these fundamental questions is referred to as "market segmentation".[49]

> Market segmentation, the most recent idea for guiding marketing strategy, starts not with distinguishing product possibilities, but rather with distinguishing customer needs or interests. Market segmentation is the sub-dividing of a market into homogeneous subsets of customers, where any subset may conceivably be selected as a market target to be reached with a distinct marketing mix. The power of this concept is that in an age of intense competition for the mass market, individual sellers may prosper through creatively serving specific market segments (markettes, or little markets) whose needs are imperfectly satisfied by the mass-market offering.[50]

Direct benefits to continuing education administrators from this marketing process include: (1) they are "in a better position to spot and compare marketing opportunities;" (2) they can use their "knowledge of the marketing response differences of the various market segments to guide the allocation of their total marketing budget;"

and (3) they "can make finer adjustments of their product and marketing appeals."[51]

Thus, market segmentation increases the awareness of the adult educators relative to heterogeneous markets faced by their institution. The efficient and effective use of threshold pricing methods can only be attained if adult educators understand who the participants are, when they would likely purchase or acquire the service, and why and where they would purchase (acquire) the service. Unfortunately, any large organization that presents a variety of goods or services to the public cannot assume that the market is homogeneous. Various sub-markets must be identified for a marketing mix to be effective.

One form of market segmentation was identified for this study.[52] Although the original outcome of this segmentation process produced statistically distinct markets, that is general vs. professional participants, the marketing importance of these sub-markets can only be realized when an adult educator acts by developing a marketing mix and evaluating the results relative to the standard procedures used previously. Other forms of market segmentation (demographic, psychological, economic) need to be developed for specific institutions. It is only through participant needs assessment that the utility of various marketing techniques can be tested.

Although the above points do not exhaust the marketing considerations related to the study's purpose, they should give direction to adult educators interested in an expanding use of a consumer-based pricing strategy.

FOOTNOTES

FOOTNOTES

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