PROMOTION STRATEGY AND PRICING STRATEGY ITS INFLUENCE ON INSTITUTION IMAGE AND ITS IMPLICATION ON STUDENT INTEREST

(Survey at Private Universities in Bandung, West Java)

ABSTRACT

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The more the growth of private universities, the management of private universities will be faced with stiff competition. This competition has implications on the efforts to retain existing students, and always strive for the acquisition of potential new students through the applications of appropriate marketing strategies. Promotion strategies and education pricing are the main factors to be considered by the organization as a university image acquisition efforts and attract prospective students.

This research is descriptive and verification with descriptive and explanatory survey research methods. The unit of analysis in this research are all private universities in Bandung, West Java, while the unit of analysis are 480 students, with proportional random sampling technique. The data analysis technique used is the Structural Equation Model (SEM) with LISREL program.

The results showed that (1) the promotional strategies implemented by the management of private universities has not been optimal, particularly the implementation of the promotion of media campaign election that is only done in certain media that has not been right, while aspects of the determination of the target market, ie segmenting, targeting and positioning is quite right, (2) pricing strategy undertaken by management quite right in general, which most appropriate is in the aspect of price adjustment, while the less well received response is the prime aspect of pricing, (3) image of university in the eyes of students has been good, most good responses is aspects of trust while the less a positive response is faith; (4) Acquisition of new students at the university in the last 3 years of development still fulfill the quota, but there is a decreased level of stringency of the selection, (5) promotion strategies and pricing strategies simultaneously and partially have positive and significant effect on the image of the university, the greatest influence of promotional strategies (0.4068), (6) promotion strategies and pricing strategies simultaneously or partially positive and have significant effect on student gains, the greatest effect is obtained from pricing strategies, namely (0.4325), this proves that the dominant interest of students is determined by the competitive prices compared with other promotions conducted; (7) Image of universities and a significant positive effect on student interest.

Keywords : Promotion Strategy, Pricing Strategy, Institution Image and Student Interest.

I. INTRODUCTION

It is inevitable that private universities still depend very much on the number of students they have. On one hand when student body at private universities has met the target, it is still possible for them to grow. On the other hand for the PTS which cannot meet student body minimal, they will have difficulties in growing. Accordingly, accurate strategy in managing higher educational institution is necessary. The marketers giving less trust on the private universities graduates, as proposed by the Kopertis Coordiantor, than the graduates from the state higher educational institution (PTN) means that this occurence has been caused by the private universities manmagement who do not master sufficiently and pay attention on information of the Promotion Strategyand the Pricing Strategy owned by them; namely non physical resources, such as educational and administrative personnel and superior physical resources, such as finance, area, and building as well as lacking of awareness to send their educational personnel to continue their study. Consequently, all those factors affect on the institution image and the Student interest. Djawad Dahlan viewed that the PTS performance/Interest has not been good due to their management.

Several phenomena showing that the condition of the Higher Educational Institution, especially private universities in Bandung are as follows: 1) the quality of eductaion in West Java is still low as shown in the index of the human development compared to other provinces (www.diknas-jabar.go.id May 2, 2002); 2) there are still many complaints from the society, parents and the working world on the low level of the educational quality (Oyon Suyono, May 2003); 3) the low quality of education is due to the unintegrated of the PTS sources in manifesting their vision, and the unintegrated of the research, community service activities (www.diknas.go.id, 2004); 4) The decrease of the student number entering the higher educational institution in Indonesia because the participation number is still low as much as 13%. While Malaysia is 23%, Filipina 23%, and South Korea is 72%,". The decrease of the students in five late years, according to Suharyadi, is around 6-47%. This is due to that state universities (PTN) has developed the new programs. "The change of IKIP and IAIN to become university is also the potential factor to make students at private universities become less. This also is affected by the burden to implement the costly education,".

Those above phenomena show the importance to increase the image of private universities which, finally, will enhance the number of the students, increase the qualified graduates as well as the absorption in the working world.

The student interest in Bandung portrayed from the ratio of the new students admission is declining; on the contrary, it increases nationally. The same thing occurs for the decrease of the active students. This indicates that not all new students can stand taking their study completely; the absorption of the graduates is still low; and the quality of the graduates meeting the national standard is only 5% from 2232 PTS. Considering those above factors, some interesting phenomena studied are as follows: a) the number of the graduates has not met the qualification for the users of the educational service yet; b) the growth of the new students admission has not been as high as other areas though there are sufficient infrastructure; and c) the average of the active students decreases from time to

time. Due to the previous problems, the research's aim are as follows: 1) knowing the level of the managerial consideration in response of the magnitude of the Promotion Strategy and Pricing Strategy ; 2) knowing the Institution image and student interest in Bandung; 3) knowing the influence of the Promotion Strategy and Pricing Strategy towards the Institution image and student interest in Bandung; and 4) knowing the influence of the institution image towards student interest in Bandung.

II. THEORITICAL STUDY

2.1 The interrelationship between the Promotion Strategy and Pricing Strategy

At the beginning of the third millennium, various decision on the public policy of the educational field should be able to respond various wide changes occurring in society. The occurence of significant changes on the social stratification, the growth of enrollement, cost restriction, concensus of financial support, commitment on the qaulity and the technological development, will give wide effect on education (Richardson et al., 1998: 12)

The main goal of the marketing strategy is to allocate and coordinate human resources as well as marketing activities to meet the company's goals (Walker, Boyd and Larreche, 1999:13). The strategy selected should be able to empower human resource or the internal force possessed optimally in responding the external threats and chances. This is reasonable because marketing is direct function in determining the sales and the activities having wide scope covering both internal and external activiies of the company (Sucherly, 1996:13)

Strategy selected by the management should enable the institution to use its core competency in responding the chance of external environment and netralize the threat. In accordance to Hill and Jones (1998:123) the core-competence or distinctive-competence is unique strength enabling the company reaching the superiority in the aspects: efficiency, quality, innovation and customer responsiveness, so that it can create the superior value and superiority of competition. The company's capability in comprehending and developing continously these aspects is a requirement of the sustainability of the company concerned

Moreover, it is important for private universities to comprehend the promotion strategy force both in micro perspectives, such as the company, vendor, mediator, consumers and competitors and macro ones, such as societal factors: demographic, economic, natural, technological, political and cultural, which currently they have changed fast and in turbulence. Accrodingly they have impacts on the capability of the higher educational institution in its positioning survival at the market.

Furthermore, the continuity of the organization depens on the possessed human resource and what strategy chosen in utilizing the internal human resource to respond external threats and chances (Barney in Campbell, 1997:26; Hit, Ireland and Hoskisson, 1999:81). The inability of the organization adapts to the micro and macro envinronment correlating with the establishment of efficient marketing strategy implementation.

Denis T Smart et. al (1999) studied on the changes of external and internal environment of marketing related with the marketing plan. The model of the research proposed by Kotler and Karen that the marketing plan is affected by two condition, namely macro and micro environment. The same with Soemarto (2002) in his study on factors of macro and and micro environment as well as the quality of transformation process on strategy of private universities development , proposed the same matters with the previous researchers connecting external and internal condition in setting up the strategy as well as its impact on the performance.

The source of the organizational excellence consists of superior skill, superior resources, and superior control (Czinkota and Kotabe, 2001:57). Research result by Zulki Zulfikli Noor (2006:93) concluded that sources of the excellence affected on the service marketing strategy as well as the marketing performance.

The resources of the higher educational institution is classified into three categories, namely physical resources, human resources, and organizational resources. Collin and Montgomery (1998:27-28) proposed three categories of the organizational resources, namely tangible asset, intangible asset and organizational capability.

That is why, it is important for the private universities to comprehend the promotion and pricing possessed in the form of the organizational capability in order to know the strength and weaknesses before implementing their strategy. Realization of the strategy ignoring the organizational capability is decision making whose risk is high and whose fault is fatal. As it is known that organizational capability is the operational drive of the organization. In an economic term, the human productivity capability is called as human capital.

The Pricing Strategy is complex bound originating from the skill and accumulated knowledge, trained through the organizational process, enabling the organization to coordinate the activities and make their assets beneficial. Thus, the determination of the promotion strategy considering the Pricing Strategy possessed by private universities will influence on the level of accurate institution image which, finally, then affects the high or low level of the student interest.

2.2 The interrelationship between the Promotion Strategy, Pricing Strategy and image

Formulation of strategy based on the input of the strength of Promotion Strategy studies three matters: who, what and how. The organization determines which marketing segment that will be served, what need of the students in that should be served and how the core competency of organization used to fulfil the students' need at such marketing segment.

In relation with the image of the institution, the research result conducted by Yudi Yulius proved that the image affects the number of the active students. The image of the higher educational institution is the students' and community's perception on on the higher educational institution concerned and this perception is created by the senses: sight, hearing, smelling, touching, tasting, and feeling experienced through the acknowledegment of the existence of belief, surety,

emotional relation, and brand loyalty. Accordingly, LeBlanc and Nguyen, (1996:45) said that the corporate image is established via elements of the company's identity, reputation, physical facilities, price offered, service qaulity, and personnel oprating and delivering the service.

Those findings, in pursuant to the writer, show that the high and low level of the image upon the private universities is affected by the promotion strategy, and the Pricing Strategy in increase the image belong the private universities concerned. Consequently, the high image will affect the student interest of the private universities concerned. M Susan Karnadi (2005) strengthened those findings by proving that the image of the institution affecting the students' loyalty.

The student interest is measure of the achievement gained from the process of the marketing activity totally from the organization. The criteria of performance, according to Cravens and Pierce (2003:518) and also Adrian Payne (2001: 262-263) are income, market share, profit, cost, and customer satisfaction target.

Accrodingly, it is important for the private universities to increase the student interest. The writer found the student interest in the research are as follows: the number of the new students acquisition, graduates quality, and users' absorption. Therefore, the determination of the accurate strategy will influence on the image of the isntitution and finally give direct effect on the achievement of the interest. This, then, will directly influence towards the high image of the institution as well as optimal student interest.

III. RESEARACH METHOD

This research is conducted using survey method. The tool of analysis is structural equation model. Usage of this model because the researcher wants to measure the influence of the independent variables, namely the Promotion Strategy and pricing strategy towards the dependent variable, namely image and the student interest. Unit of analysis is the private universities in Bandung, while unit of observation is the leaders / management of the institution. Besides, the researcher also considered students and users as unit of observation as well. The sampling technique used is stratified random sampling. Unit of analysis is the Private universities in Bandung West Java, while unit of observation is the leaders / management of the institution are consists of 21 dean and 84 heads of department. Besides, the researcher also considered 210 students and 105 users as unit of observation as well.. The assessment is conducted as follows: 10 students and 5 users evaluate each private universities. There are three hypothesis in this research:

1) The Promotion Strategy and the pricing strategy
2) The Promotion Strategy and the pricing strategy the image of the institution.
3) The Promotion Strategy and the pricing strategy and the image of the institution affect significantly on the student interest

IV. RESEARCH RESULT AND DISCUSSION

4.1 Level of Private Universities Leaders Consideration towards Promotion Strategy and pricing Strategy

Micro as well as macro Promotion Strategy based on the respondents' answers on the questionnaire distributed the respondents shows that there are (34,42%) private universities in Bandung whose leaders always consider the Promotion Strategy in increase the image ; while (8,84%) considers less. The Pricing Strategy in private universities in Bandung totally shows good. There are (47,91%) of the private universities shows superior Pricing Strategy; while (6,05%) indicates less superior. The institution image of private universities in Bandung totally shows good. There are (55,81%) private universities in Bandung indicates their good promotion strategy; while (9,77%) out of shows worse.

4.2 Image and Student Interest

The image of private universities in Bandung totally results in good one. There are only one dimension out of four used as measurement indicating worse, namely the trust. The students interest shows worse. This is proved that there are (34,88%) showing bad, (31,63%) indicating good, (23,72%) indicating moderate and only (8,84%) out of 215 proving excellent. This poor condition becomes concerned very much viewed from the level of absorption; as supported by Vinod Agarwal and Gilbert R Yochum (2000: 1- 23) proposing: "What is the goal of the higher educational institution in producing the graduates if they are not absorbed by the users."

4.3 The Promotion Strategy and the Pricing Strategy and its influence on the Institution Image and its implication on the Students interest

The hypothesis testing results are shown in the below figure 4.1:

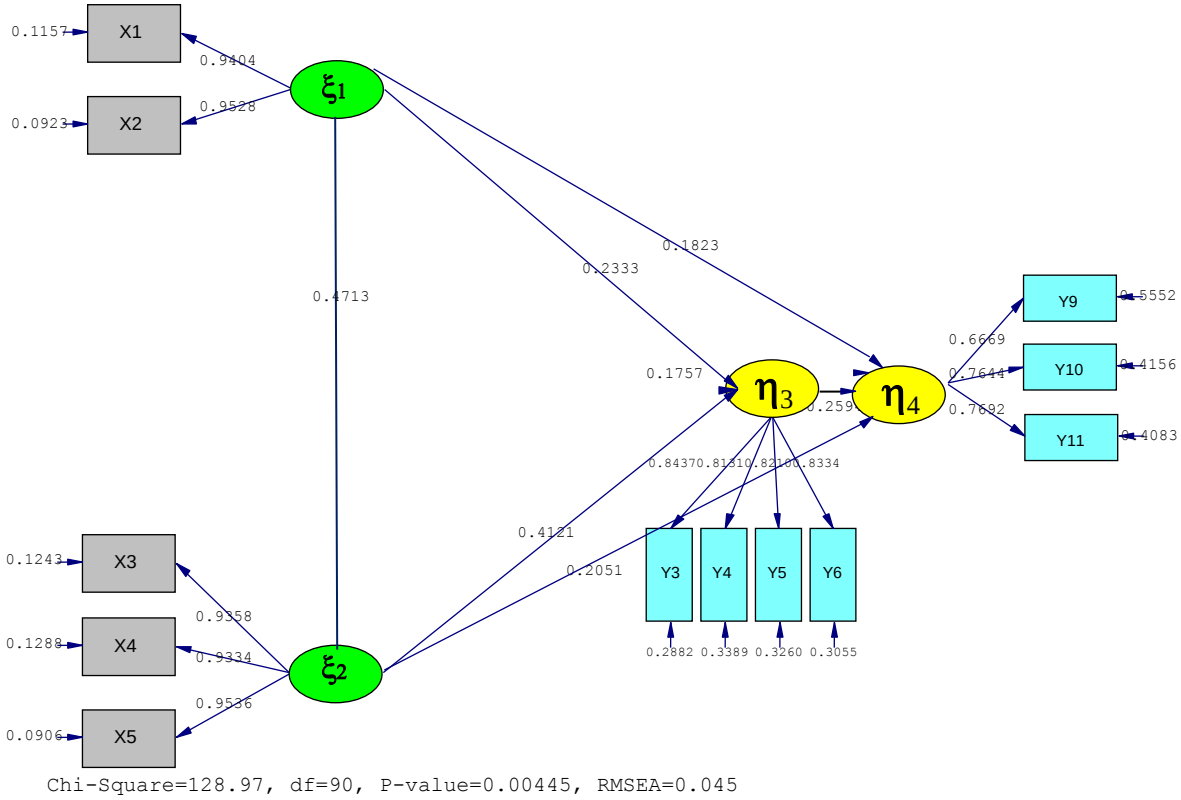


Figure **4.1.**

Pert Analysis The Promotion Strategy and the Pricing Strategy and its influence on the Institution Image and its implication on the Students interest in Bandung

The figure above shows that the Promotion Strategy possess significant correlation with the Pricing Strategy as much as 0,4713. The correlation of those two variables implies that the organization should adjust between the Promotion Strategy and the Pricing Strategy in order to increase the institution image.

The first hypothesis testing proves that the promotion strategy, the Pricing and Strategy affect significantly on the image of the institution. Furthermore, the biggest influence comes from the Pricing Strategy, namely as much as 0.4121; while the smallest one comes from the Promotion Strategy as much as 0.2333. Based on the analysis, it shows that promotion strategy, and the Pricing Strategy affect the image of the institution as much as 58.82%. While the remainder as much as 41.18% is affected by other variables outside the research, some of them are market orientation, service quality and pricing strategy. It implies that the achievement of the image of the institution can be acquired through the consideration in adapting the promotion strategy and the Pricing Strategy accurately.

The second hypothesis testing proves that the promotion strategy, the Pricing and Strategy affect significantly on student interest. Furthermore, the biggest influence comes from the Pricing Strategy, namely as much as 0.2051; while the smallest one comes from the Promotion Strategy as much as 0.1823. It implies that the achievement of the student interest can be acquired through the consideration in adapting the promotion strategy and the Pricing Strategy accurately

The third hypothesis testing proves that the promotion strategy, the Pricing Strategy, and the image of the institution affect significantly on the student interest. Out of three variables, the biggest influence comes from the image of the institution as much as 0.2594. The total effect is as much as 54.37%; while the remainder as much as 45.63% is affected by other variables outside the research, some of them are market interest, students' trust, and the service quality. It implies that the achievement of the student interest of the institution can be acquired through the consideration in adapting the promotion strategy and the Pricing Strategy accurately.

This means that the construction of the image at private univesitiesr consists of the level of the trust, surety, remembrance, and impression on the service delivered by private univesities. Through the image building, the private univesities has gained their benefit in the form of the increase of the new students. This opinion is supported by Kotler (2006:486) saying that "a major part of audience analysis is assessing the current image of the company, its product and its competitors. It states that the analysis of the audience needs mostly the image assessment from the current consumers on the company, product and their competitors. In other words, the image is the society perception on the company with the aid of the product, service and other related matters concerning the company's name. This finding is supported by the research result by Yudi Yulius (2004) stating that the image of the private univesities has effect on the number of the active students (the marketing performance). The same thing also has been invented by Susan Karnadi (2005).

V. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

- The promotion strategy, both the macro and micro as well as the Pricing Strategy at the private univesities in Bandung play an important get on the institution image and student interest. According to the research the student interest wholly shows good.
- The image of private univesities indicates moderate; the number of the new students' acquisition; the graduates quality; and alumni absorption shows moderate wholly. . Nevertheless the dimension of alumni absorption in which the waiting time after graduation includes is considered worse. This condition needs to be found its solution..
- The analysis of verification invents the following matters: 1) The promotion strategy and the Pricing Strategy affect significantly on the image of the institution; 2) The promotion strategy and the Pricing Strategy affect significantly on the student interest; 3) The promotion

strategy, the Pricing Strategy, and the image of the institution affect significantly on the student interest..

5.2 Recommendation

- The following recommendation is addressed to the management of the higher educational institution: Since the findings show that there is significant effect of The promotion strategy and the Pricing Strategy,; therefore the following matters should be considered seriously: 1) The management must give special attention on those two aspects; since those are important aspects within the organization; 2) The management should increase the understanding of the leaders and provide them opportunity and support to conduct an environmental analysis; 3) The management is obliged to give response actively towards the problems in organization concerning especially the marketing mix strategy; and 4) The management is expected to analyze the influential factors on the positional excellence, image, and the student interest as well as the student interest.
- The following recommendation is addressed to the goverment and Kopertis parties: 1) The government needs to give more the competitive donation to private univesities in order that the private univesities do not depend solely on the students; 2) There must be cooperation between the government and the private institution parties, especially on the promotion strategy concerning the number of the students that have succesfully been obtained, the service or product quality, and the Pricing Strategy possessed by the institution concerned by allocating the time proportionally which can be implemented by lecturers so that the research and community service can really be benefecial.

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