

**Marketing Environment and Source of Competitive Advantage
In Terms of Formulating Marketing Strategy and its Influence
On Image and Marketing Performance
(Survey on Private Universities at Private Higher Educational
Institutional Coordinator Area Iv in West Java and Banten Provinces)**

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Abstract: Marketing Environment And Source of Competitive Advantage In Terms of Formulating Marketing Strategy And Its Influence On Image And Marketing Performance (Survey on Private Universities at Private Higher Educational Institutional Coordinator Area IV in West Java and Banten Provinces / Kopertis) In order to know the causes of the decrease of the new students in Private Higher Education Institution (PTS) Area IV in West Java and Banten Provinces since 2002/2003 up to now; the present writer conducted a research on factors of marketing environment, source of competitive advantage, marketing strategy, image and marketing performance using a survey method at the concerned stakeholder, namely 215 leaders at PTS drawn using stratified random sampling, 2150 students and 2150 member of community drawn using disproportionate random sampling as well as using descriptive analysis for quantitative variables and analysis of verification to test hypothesis using structural equation model (SEM) with the tools of LISREL software. The research result shows that the marketing environment concerning macro environment: demography, economy, technology, politics, and culture; as well as micro environment: vendor, mediator, consumer market, competitors, and consumers; as well as source of competitive advantage concerning superior resource, resource, superior skill, and superior control affect on the image and the marketing performance. The greatest effect is originated from the source of competitive advantage. Image consists of trust, surety, emotional relationship, loyalty affect on the marketing performance, covering of the number of the new students, quality of graduates, alumni absorption, with the greatest influence is given by the factor of positional superiority .

Key word: Marketing Environment, Source of Competitive Advantage, Marketing Strategy, Image and Marketing Performance

INTRODUCTION

It is inevitable that PTS still depend very much on the number of students they have. On one hand when student body at PTS 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 PTS graduates, as proposed by the Kopertis Coordinantor, than the graduates from the state higher educational institution (PTN) means that this occurrence has been caused by the PTS manmanagement who do not master sufficiently and pay attention on information of the marketing environment and the source of the competitive advantage 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 image and the marketing performance. Djawad Dahlan viewed that the PTS performance has not been good due to their management.

Several phenomena showing that the condition of the Higher Educational Institution, especially PTS area IV are as follows: 1) the quality of education 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^[16] 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 PTS become less. This also is affected by the burden to implement the costly education,".

Those above phenomena show the importance of determining the accurate marketing strategy in order to increase the image of PTS which, finally, will enhance the number of the students, increase the qualified graduates as well as the absorption in the working world.

The marketing performance of PTS in Area IV 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 marketing environment and source of the competitive advantage relating to designing marketing strategy ; 2) knowing the image and performance of the PTS area IV; 3) knowing the influence of the marketing environment and the source of excellence and the marketing strategy towards the image and the marketing performance at the PTS area IV; and 4) knowing the influence of the image towards the marketing performance at the PTS IV.

II. Theoretical Study:

2.1 the Interrelationship Between the Marketing Environment and Source of the Competitive Advantage with the Marketing 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 occurrence of significant changes on the social stratification, the growth of enrollement, cost restriction, concensus of financial support, commitment on the quality 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 marketing 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 activities 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 neutralize 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 continuously these aspects is a requirement of the sustainability of the company concerned

Moreover, it is important for PTS to comprehend the marketing environmental 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. Accordingly they have impacts on the capability of the higher educational institution in its positioning survival at the market.

Furthermore, the continuity of the organization depends on the possessed human resource and what strategy chosen in utilizing the internal human resource to respond external threats and chances^[7,31]. The inability of the organization adapts to the micro and macro environment 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 micro environment as well as the quality of

transformation process on strategy of PTS 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 PTS to comprehend the source of the excellence possessed in the form of the organizational capability in order to know the strength and weaknesses before implementing their marketing strategy. Realization of the marketing 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 source of the competitive advantage 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 marketing strategy considering the source of the competitive advantage possessed by PTS will influence on the level of accurate marketing strategy which, finally, then affects the high or low level of the marketing performance.

2.2 the Interrelationship Between the Marketing Environment, Source of the Competitive Advantage and Image with the Marketing Strategy: Formulation of marketing strategy based on the input of the strength of marketing environment 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 the higher educational institution concerned and this perception is created by the senses: sight, hearing, smelling, touching, tasting, and feeling experienced through the acknowledgment 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 quality, and personnel operating and delivering the service.

Those findings, in pursuant to the writer, show that the high and low level of the image upon the PTS is affected by the marketing environment, and the source of the competitive advantage in formulating the marketing strategy belong the PTS concerned. Consequently, the high image will affect the marketing performance of the PTS concerned. M Susan Karnadi (2005) strengthened those findings by proving that the image of the institution affecting the students' loyalty.

The marketing performance 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.

The marketing performance is affected by many factors, according to Husein Umar (2005), the marketing performance of the higher educational institution is affected by the environment of the institution and the marketing strategy. Accordingly, it is important for the PTS to increase the marketing performance. The writer found the marketing performance in the research are as follows: the number of the new students acquisition, graduates quality, and users' absorption. Therefore, the determination of the accurate marketing strategy will influence on the image of the institution and finally give direct effect on the achievement of the performance. This, then, will directly influence towards the high image of the institution as well as optimal marketing performance.

III. Research 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 marketing environment and source of competitive advantage towards the dependent variable, namely image and the marketing performance; through the intervening variable, namely the marketing strategy. Unit of

analysis is the PTS in Kopertis Area IV, 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 through two phases, that is two stage cluster sampling. 2015 sampling primary unit is used; 2150 students are selected and 2150 users are selected as sample. The assessment is conducted as follows: 10 students and users evaluate each PTS. There are four hypothesis in this research:

1. The marketing environment and the source of competitive advantage affect the determination of the marketing strategy.
2. The marketing environment, the source of competitive advantage and the determination of the marketing strategy affect the image of the institution.
3. The marketing environment, the source of the competitive advantage, marketing strategy and the image of the institution affect significantly on the marketing performance

RESULT AND DISCUSSION

4.1 Level of PTS Leaders Consideration towards Marketing Environment, Source of Competitive Advantage and Marketing Strategy:

Micro as well as macro marketing environment based on the respondents' answers on the questionnaire distributed the respondents shows that there are 74 (34,42%) higher educational institution in West Java and Banten whose leaders always consider the marketing environment in setting up their marketing strategy; while 19 (8,84%) considers less. The source of the competitive advantage in PTS West Java and Banten totally shows good. There are 103 (47,91%) of the PTS shows superior competitive excellence; while 13 (6,05%) indicates less superior. The marketing strategy PTS West Java and Banten totally shows good. There are 120 (55,81%) PTS West Java and Banten indicates their good marketing strategy; while 21 (9,77%) out of 215 shows worse.

4.2 Image and PTS Performance: The image of PTS totally results in good one. There are only one dimension out of four used as measurement indicating worse, namely the trust. The marketing performance shows worse. This is proved that there are 75 (34,88%) showing bad, 68 (31,63%) indicating good, 51 (23,72%) indicating moderate and only 19 (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 Marketing Environment and the Source of the Competitive Advantage towards the Determination of the Formulating Marketing Strategy and its impact on the Image and the Marketing Performance at PTS Area IV: The hypothesis testing results are shown in the below figure 4.1: The figure above shows that the marketing environment possess significant correlation with the source of the competitive advantage as much as 0,4713. The correlation of those two variables implies that the organization should adjust between the marketing environment and the source of the competitive advantage in order to obtain the accurate marketing strategy.

The following will be the hypothesis part. The first hypothesis testing proves that marketing environment (ξ_1) has positive and significant effect on marketing strategy (η_1) as much as 53,88%; while the remaining is as much as 46,12% are affected by other variables outside the research, some of them are public relation management, students' individual environment, market interest, autonomous policy and others. This finding supports the research result from Wincip and Susan^[18] mentioning that the internal and external environment of the institution is used to evaluate the strategic planning of the institution in relation to increase their performance. The continuity of PTS organization depends on the capability to adapt at the marketing environment both internally and externally as well as the determination of the marketing selected in utilizing the internal sources and to respon the threats and external chance^[3,7].

The second hypothesis testing proves that the marketing environment, the source of the competitive advantage, and marketing strategy affect significantly on the image of the institution. Furthermore, the biggest influence comes from the source of the competitive advantage, namely as much as 0.4121; while the smallest one comes from the marketing environment as much as 0.2333. Based on the analysis, it shows that marketing environment, the source of the competitive advantage, and marketing 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 marketing environment, the source of the competitive advantage, and marketing strategy accurately.

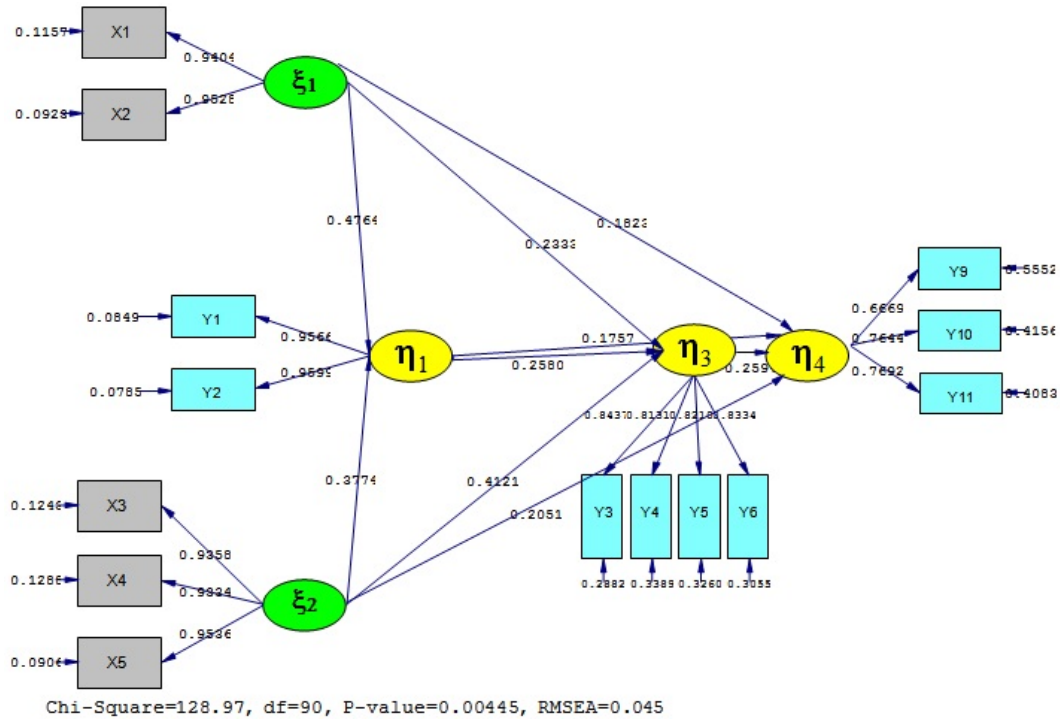


Fig. 4.1: Pert Analysis The Marketing Environment and the Source of the Competitive Advantage towards the Determination of the Formulating Marketing Strategy and its impact on the Image and the Marketing Performance at PTS Area IV

The third hypothesis testing proves that the marketing environment, the source of the competitive advantage, marketing strategy and the image of the institution affect significantly on the marketing performance. Out of four 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 marketing performance of the institution can be acquired through the consideration in adapting the marketing environment, the source of the competitive advantage, and the determination of the marketing strategy accurately.

This means that the construction of the image at PTS consists of the level of the trust, surety, remembrance, and impression on the service delivered by PTS. Through the image building, the PTS 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 PTS has effect on the number of the active students (the marketing performance). The same thing also has been invented by Susan Karnadi (2005).

5.1 Conclusion:

- The marketing environment, both the macro and micro as well as the source of the competitive advantage at the PTS area IV play an important role on on the formulating marketing strategy determination and its performance. According to the research the marketing performance wholly shows good.
- The image of PTS 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 marketing environment and the source of the competitive advantage affect significantly on the marketing strategy. Accordingly, the marketing strategy plays an important role on the accurate the marketing strategy determination; 2) The marketing environment, the source of the competitive advantage, and the marketing strategy affect significantly on the image of the institution; 3) The marketing environment, the source of the competitive advantage, the marketing strategy, and the image of the institution affect significantly on the marketing performance.

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 marketing environment, the source of the competitive advantage, and the determination of marketing strategy; therefore the following matters should be considered seriously: 1) The management must give special attention on those three aspects; since those are important aspects within the organization in contributing the the determination of accurate marketing strategy; 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 marketing performance as well as the marketing performance.
- The following recommendation is addressed to the government and Kopertis parties: 1) The government needs to give more the competitive donation to PTS in order that the PTS do not depend solely on the students; 2) There must be cooperation between the government and the private institution parties, especially on the marketing strategy concerning the number of the students that have successfully been obtained, the service or product quality, and the source of the competitive advantage 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 beneficial.

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