



CONFERENCE PROCEEDINGS

Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) 2016

**Hosted by Faculty of Economics and Business, University of Jambi
24 – 25 October 2016**



**The Strategy For Improving Competitiveness to win
the ASEAN Economic Community (AEC)**

Conference Proceedings
Malaysia Indonesia International Conference on Economics, Management and Accounting
(MIICEMA) 2016

The Strategy For Improving Competitiveness to win the ASEAN
Economic Community (AEC)

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Faculty of Economics and Business, University of Jambi

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FOREWORD

The Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) is an annual international conference that gathers academics and practitioners from Malaysia, Indonesia and around the World to facilitate the presentation and sharing of research findings particularly in the areas of economics and management.

Numerous benefits have been achieved from the sharing of knowledge and building of working relationships through presentations of working papers after the organisation of 16 series of the conference. The conference has become an important platform for academics to share information regarding current issues and new economic and business challenges prevalent in both South East Asia and globally.

As a continuation of the memorandum of understanding between Universiti Kebangsaan Malaysia, Universitas Syiah Kuala, Institut Pertanian Bogor, Universitas Muhammadiyah Surakarta and Universitas Bengkulu as the founding institutions of MIICEMA, 2016 is witnessing once again the organising of the 17th MIICEMA. Following the tradition of the long-established friendship, the honour of becoming the main organiser and host to the 17th MIICEMA has now been transferred to University of Jambi, Jambi through the Faculty of Economics and Business.

Through the organising of the conference, the research findings that will be presented by academics in various fields such as economics, management and accounting will surely become guides and models for other academics in developing the branches of knowledge and for the industry in managing and strengthening their businesses.

The chosen theme for this year MIICEMA is "The Strategy For Improving Competitiveness to win the ASEAN Economic Community (AEC)". Global economic climate has been undergoing shocks that adversely affecting government and business organisations. The economic turmoil has been considered by few as the worst in the century that prudent and solid business strategies must make accurate market interpretation of both opportunities and constraints. With this in mind, the 17th MIICEMA aims to provide a platform for both academicians and practitioners to sit together and elaborate on these challenges.

The goals and objectives of this international conference are as follows:

- to become a platform for academics in the South East Asia to share latest research findings on economic, management and accounting issues.
- to identify emerging economic and business challenges prevalent in South East Asia and around the world amidst the 2016 economic turmoil.
- to gather input on new opportunities in the domain of business within the contexts of South East Asia and global amidst the 2016 economic turmoil.
- to sustain research collaborations that produce high impact outputs.
- to elevate the status of MIICEMA member institutions through presentation of internationally-recognised research results.

Following the phenomenal successes of the previous conferences, MIICEMA will be proudly brought to you again this October by University of Jambi, Jambi, Indonesia. This year MIICEMA will be organised in conjunction with the Seminar and Annual Meeting of the Western Division of Economics Institutions Cooperation. This is an annual event involving 27 state universities and several private universities that offer Economics programmes in Indonesia. In 2016, the Western Division of Economics Institutions Cooperation meeting will be hosted by the Faculty of Economics and Business, University of Jambi, Jambi, which will also serve as the main organizer of MIICEMA 2016.

This year MIICEMA highlights the current issue facing economies in the region through a theme of "The Strategy For Improving Competitiveness to win the ASEAN Economic Community (AEC)". This theme is to be supported with few key tracks; Microeconomics, Macroeconomics, Monetary Economics, Public Economics, Regional and Urban Economics, International Economics, Natural Resource Economics, Industrial Economics, Labor Economics, Development Studies, Business, Management and Organization, Marketing, Finance, Human Resources, Financial Accounting, Managerial and Behavioral Accounting, Auditing, Accounting Information Systems, Public Sector Accounting, Social and Environmental Accounting, Islamic Economics, and other related areas.

This collection does not include the totality of the papers presented at the conference, as not all contributors submitted their written papers for publication.

Dr. Junaidi, SE, M.Si
Conference Chair

WELCOMING SPEECH
DEAN OF THE FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITY OF JAMBI

I would like to welcome all participants to the 17th Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) in Jambi, Indonesia. It is truly an honor and a privilege for Faculty of Economics and Business, University of Jambi to host this International conference.

I have no doubt in my mind, that this conference will be a worthwhile experience. We have an opportunity to learn each other from some of the best experts in different decipline. Hence I hope after the conference finished, we are enriched with a better understanding of contemporary issues in economics and business in South East Asia. Furhtermore, as the member of MIICEMA, we can enrich the network for some important aspects such as publication a student exchange.

I would like to express our sincere gratitude and appreciation to many individuals for their invaluable input to make succes this conference. I would also like to extend a special thank you to our Institutions' partners for their support to organize this event successfully.

So, I wish you have a pleasant International Conference and enjoy your stay in Jambi.

Drs. H. Amril, ME
Dean of the Faculty of Economics and Business
University of Jambi

WELCOMING SPEECH RECTOR OF UNIVERSITY OF JAMBI

I extend my warm welcome to all of the distinguished speakers and participants of the 17th Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) which held by Faculty of Economics and Business, in October 24-25, 2016.

As a Rector of University of Jambi, I am pleased to witness the 17th MIICEMA, it provides a unique opportunity for scholars, experts, researchers, to assemble and share ideas on critical issues and trends in economics and business. Furthermore, I hope this conference could develop the valuable network and international collaboration amongst universities in Indonesia and Malaysia, as well as to facilitate publications of research by Indonesia and Malaysia scholars in international journal.

I congratulate the Dean of Economics and Business, the chairman of the conference, all the renowned speakers and delegates for their participation that makes this conference possible. I welcome you all to University of Jambi.

As a part of the provincial cultural promotion, we hope you enjoy the entire traditional and unique cultural atmosphere. I urge you also to enjoy the beautiful of Muaro Jambi temple and Gentala Arsy Bridge. Muaro Jambi Temple as it has been revealed is the place of Buddhism taught not only for the ancient of Indonesian but for South Asia Countries.

Last but not least, we thank you to every person both that comes from internal and external organization who makes this conference conducted. Finally, I hope God bless you all as long as you follow the conference.

Prof. H. Johni Najwan, SH, MH, Ph.D
Rector of University of Jambi

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MANAGEMENT

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POSITIONING STRATEGY AND ITS RELATIONSHIP WITH FINAL DECISION OF PRIVATE UNIVERSITY IN JAMBI PROVINCE

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Abstract. In order to face competition in the world of education, a private collage should have certain positioning that distinguishes such private collage with a competitor private collage under the same roof. Some of the main tools in doing positioning are positioning according to attributes, positioning according to benefits, positioning according to application and usage, positioning according to users, positioning according to competitors, positioning according to product categories, and positioning according to price. The purpose of this paper is to identify the independent variables which are those positioning strategies mentioned above against the independent variable i.e. purchasing decisions associated with the selection of private college in Jambi Province. As for indicators that are used in determining one's purchasing decisions are knowing the problem of one's needs, searching for information, evaluating alternatives, selecting or purchasing decisions, and behavior of post purchase or postselection

Keywords: *Positioning Strategy, Purchasing Decision, Private College.*

INTRODUCTION

Colleges are institutions which have a role in raising the quality of human resources, not only in private life but also in the society. In college, there occurs the process of nation's social establishment which will decide the future generation's culture. College is a place to produce thinkers and pioneers of science and technology advancement.

Nowadays, the demand of higher education service is raising more and more. This happens because of the increasing needs and urge for higher education in society, as well as spreading competition among workers; pushing every individuals to have a certain level of education, expertise, or skills in order to compete and being able to innovate optimally. This situation could really affect the existence of Indonesian's higher education institutions, both state or private owned.

Moreover, while the interest of people/consumer in undergoing a higher education is demandingly high, the ability of a state-owned University/college is limited. Eventhough majority of the applicants choose to undergo their study in one of those state-owned universities for some reasons, they cannot accommodate every interested students as the seat capacity is limited. This limitedness of state-owned university is then becoming a number one reason of why a private-owned university needs to develop its potentials optimally. This private-owned university realizes that it is an alternative solution for students in order to achieve a higher education, in a case that they are not accepted in the state-owned one. Thus, every private-owned university will compete to obtain these 'unlucky' applicants.

Tighter competition has a big impact on how the private-owned university put its orientation towards customer's satisfaction, in this case are students' satisfaction. In order to reach that goal, university needs to work on producing and delivering customer's needs as well as understanding the target market behaviour, as the continuity of an organization depends on the customer's behaviour. (Tjiptono, 2001). By understanding customer's behaviour, the university management could arrange proper programs or strategies in order to utilize present opportunities. Understanding customer's behaviour and being acquainted with the customers are two very important job for marketers.

Colleges or universities need to know any existing services that they already gave to their students which make their students satisfied. In this case, it could be in the form of tidy manajement, learning process quality, supporting facilities, and administrative services. Every college needs to have certain strategies to be able to maintain their existence, so that they can compete with other colleges. This could be reached by developing and providing marketing mix directed to the chosen target market.

College needs to apply certain strategy in order to reach superiority during competition, since strategy in general is a way to be done related to decision making process, particularly the big ones. As we already know that company's objective will be reached if the management take a correct decision. Otherwise, company will never reach its goal if they take wrong decision.

In its strategic role, marketing includes every effort to achieve conformity between the company and its environment in order to seek solutions to the problem of determining two key considerations. First, what business they work at the company's currently and what types of businesses can be entered in the foreseeable future. Second, how are businesses that have been chosen being able to run successfully in

the competitive environment on the basis of the perspective of product, price, promotion, distribution, space/facilities, services and procedures to serve the target market.

The marketing strategy is making decisions about the cost of marketing, marketing mix, marketing allocation in relation to the expected environmental conditions and competitive conditions. Basically, marketing strategies give directions in relation to variables such as market segmentation, target market identification, positioning, marketing mix elements and the cost of the marketing mix. The marketing strategy is an integral part of a business strategy that provides direction on all management functions of an organization.

According to Kotler (2007: 45) the nature of modern strategic marketing consists of three main steps, namely Segmentation, Determining the Target Market, and Positioning. These three steps are often called STP (Segmenting, Targeting, Positioning). The first step is a segmentation of the market, that is, identifying and forming groups of separate buyers who might need your product and/or its own marketing mix. The second step is to determine the target market, namely the matter of choosing one or more market segments to enter serviced. The third step is the positioning, ie the act of building and communicating the principal special benefits of the product in the market.

We are interested on the third act, which is Positioning. Positioning is the act of the company to design a product and marketing mix in order to create a certain impression in consumer's mind. Thus consumers could understand and appreciate what the firm does in relation to its competitors. For the company, it is an action to investigate or identify the position of a competitor and then decide whether it will take a position on par with competitors' position or looking for opportunities in the market. If the company's position itself is close to other competitors, company must select and then seek further distinction through certain differences.

Positioning holds a very large role in the marketing strategy after doing market analysis and competitor analysis in a company's internal analysis (total situation analysis). The reason is that today's world has been attacked by over-communication in the form of explosion of goods, media, and advertising. As a result, the mind of the prospect has been transformed into a battleground. Therefore, in order to succeed in an over-communication society, any company should be able to create a position to consider not only the strength and weaknesses of the company itself, but also the strengths and weaknesses of competitors in the prospect's mind. That is why, the basic approach of 'positioning' is not only creating something new and different from the others, but also cleverly utilize what is on mind and linking relationships that already exist; because human mind also has a place for everyone pieces of information that have been selected to be kept.

Meanwhile, consumer's mind often metaphorically said as the last fortress of defense against the noisy communication, as a filter to accept or reject the information it offers. If it turns out that the mind of consumers have been formed, usually other manufacturers find it is difficult to change, especially while the competitors are not standing still but doing repositioning. Concretely, the main things that are need to be done in an attempt to nail down a message inside a person's mind is not at all related to te message, butis precisely related to the mind itself.

A clean mind is the mind that has not been polished by other brands. Therefore, the role of positioning is an organized system in an effort to find the right thing at the right time in a person's mind.

Kotler (1997: 265) describes several ways to do product positioning marketer in marketing to target consumers, namely: 1. Positioning by attributes; 2. Positioning by benefits; 3. Determination of the position according to the use or application; 4. Determination of the position according to the user; 5. Positioning by competitor; 6. Positioning by product category; 7. Determination of the position of price or quality.

According to Kotler and Keller (2011), consumer's purchasing decision which in this case were the students, is an action process consists of: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. Furthermore, Schiffman and Kanuk (2008) explain about the factors that influence consumer purchase decisions, which are (1) the marketing mix of services in terms of product and price, (2) social and cultural environment which in this case is the family, (1) the field of psychology which in this case is the motivation.

In the selection of Private Universities in Jambi province, the factors we put into consideration are Positioning as well as company's image. By definition, positioning is the act of designing the company's offer so that it occupies a distinct and value placed in the targeted customer mind". The meaning is that, searching for 'position' in the market; this step is done after determining the segmentation strategy used. In other words, positioning is an action or measurements from the manufacturer to design company's image and value of deals where consumers within a particular segment will understand and appreciate a certain segment, then understand and appreciate a company, compared to its competitors.

The next variable that influences selection decision of choosing Colleges in Jambi Province is the image of the College itself. Company's image, according to Kotler (2002) is the consumer's perception of the company or its products. According to Kotler, image cannot be implanted in the minds of consumers in a day and night or disseminated through the media only. Instead, the image should be conveyed through every means of communication available and deployed continuously since without a strong image, it is extremely difficult for a company to attract new customers and retain existing customers.

Based on the literature gap, we are interested in conducting empirical research with the title "Positioning Strategy and its relation to the decision of choosing a Private College in Jambi Province".

CONCEPTUAL DEFINITION

Strategic Management

Strategy is related to many big decisions faced by organizations while doing their business, and also related to consistent behaviour. It should be able to create competitive advantage for the company. Strategy is crucial in determining the success of an organization, and this is the reason why learning strategies is useful and promising. The benefits arising from strategic management is to improve company's ability in preventing problems, can also be drawn from a variety of best practices, as well as involvement of employees in strategy formulation that will ultimately increase their motivation.

According to the theory of strategic management, company's strategy can be classified based on the type of each company, namely Generic Strategy, which is the study of key/grand strategies.

Porter's Generic Strategies

In Porter's analysis of the competitive strategy (also called as Porter's Five Forces) of a company, Michael A. Porter introduces three types of generic strategies, namely: Excellence Cost (Cost Leadership), Product Differentiation (Differentiation), and Focus.

1. Low Cost strategy (cost leadership)

Low Cost strategy (cost leadership) emphasizes on producing standard products, which is equal in every aspect, with a very low cost per unit. These products (both goods and services) are usually aimed at consumers who are relatively easy to be influenced by a shift in the price (i.e. price sensitive), or by using price as a determining factor to consumer's decision. In terms of customer behavior, a strategy of this type are closely aligned with customer's needs, thus are included in the category of conduct low- involvement; when consumers are not (too) care about the differences between different brands, (relatively) does not require product differentiation, or if there are a large number of consumers with significant bargaining power.

This strategy enables company to withstand the price competition, and even be a market leader who determine the prices and ensure a high market profit rate (i.e. above average), stable through aggressive manners in efficiency and cost effectiveness.

In order to run this low-cost strategy, a company should be able to meet requirements in two areas: resources and organizations. This strategy is possible to run only if company possessed several advantages in the field of corporate resources, namely: strong capital, skilled in process engineering, strict supervision, easiness in product manufacturing, as well as low distribution and promotion costs. While in the field of organization, companies must have: the ability to control costs tightly, good control of information, and incentives based on a target (results-based incentive allocations).

2. Product Differentiation Strategy

Product Differentiation Strategy (often called as differentiation) prompts the company to be able to find the uniqueness in its target market. The uniqueness of the products (goods or services) put forward allows a company to attract maximum interest from potential customers.

Various ease of maintenance, additional features, flexibility, comfort and a variety of other things that are difficult to be imitated by the opponents are just a few examples of differentiation. This type of regular strategy targeted at potential customers who are relatively not considering the price to make a decision (i.e. price insensitive). A good example of using this strategy is on products which are both durable and difficult to be imitated by competitors.

In general, low-cost strategy and product differentiation are applied by the company in order to achieve competitive advantage against its competitors in the markets. In general, there are two areas of requirements that must be met in order to decide utilizing this strategy, namely field resources and field organization. In terms of company's resources, implementing this strategy required high force in terms of: product marketing, creativity and talent, product engineering, market research, corporate reputation, distribution, and occupational skills. In terms of the areas of organization, the company should be strong and able to do: coordination between the related management functions, recruitment of highly skilled personnels, and ability to subjectively measure the incentives in addition to the objective one.

3. Focus Strategy

Focus strategy is used to build a competitive advantage in a narrower market segment. This type of strategy is intended to serve the needs of consumers whose numbers are relatively small and their decision making to buy some goods are relatively unaffected by price of the goods. In its implementation, especially in medium and large scale enterprises, this focus strategy is integrated with one of the other two generic strategies mentioned earlier: strategies of low cost or differentiation strategy of product characteristics. This strategy is commonly used by suppliers of a "niche market" (special/typical segment in a given market; also referred to as a niche market) to meet the needs of a specialized products and services.

Requirements for the implementation of this strategy are: a sufficient magnitude of the market (i.e. market size), a good growth potential, and the condition when competitors are not interested in moving in the niche, thus the company is not being noticed by its competitor while achieving success. This strategy will be more effective if consumers need a certain peculiarity that is not demanded by company's competitors. Usually, a company which dealt with this strategy is more concentrating on a specific market group (niche market), a particular geographic region, or specific products – either goods or services - with the ability to meet the needs of a particular consumer in a good, excellent delivery.

Positioning and Its Definition

Positioning is one of the processes of STP marketing strategy (STP stands for Segmentation-Targeting-Positioning). After dividing the market into several market segments based on specific indicators and selecting one or more from those market segments to be used as the target market, the next step is to determine company's position in the minds of consumers.

Positioning according to the definition of Ries & Trout (2002: 3): "Positioning is the first body of thought to come to grips with the problems of communicating in overcommunicated on society". Positioning is something you do to the minds of prospective consumers, namely placing the product in the minds of prospective consumers through communication.

According to Hermawan Kartajaya (2004: 11), Positioning is "The strategy for leading your customers credibly", which means an effort to direct customers in a credible manner. Hermawan said that positioning strategy is a "being strategy": our efforts to build and gain the trust of customers.

According to Kotler (2007: 375), Positioning is the act of designing an offer and company's image in such a way that it could occupy a distinctive position in the mind of its target customers compared to other competitors. The final result of positioning is the creation of a proper value proportion, which is the reason for customers to buy a product or service.

According to Kasali (1998: 256), positioning is a communication strategy to enter the window of consumers' brain, so that the product / brand / name of a product could contain a certain sense which in some ways may reflect benefits of the product / brand / name in the form of an associative relationship.

According to Kartajaya, et al, (2004: 62), there are four criteria to determine positioning based on the study of 4C Diamond in the Sustainable Marketing Enterprise model. The four criteria are: Customer, Company, Competitor, and Change defined as follows:

1. Based on a review of the customer (Customer). Positioning must be perceived positively by our customers and become their reason to buy.
2. Based on analysis of company's internal strength capabilities (Company). It is said that the positioning should reflect the company's strength and competitive advantage.
3. Based on the review of competitors (Competitor). Positioning must be unique, so costumers can easily differentiate between themselves and the competitors.
4. Based on the study of changes in the business environment (Change).

Positioning should be sustainable and relevant to a variety of changes in business environment, such as the change of competition, customer behavior, socio-cultural, and so on.

Positioning describes a strategy on how companies differentiate product compared with competitors in the minds of consumers. Positioning is done to create a good image that a company hopes, in such a way that there is a direct relevance to how consumers in a particular market segment perceived the company.

Thus, positioning is the action to get a gap in the minds of consumers so that consumers have the perception and imagery specific to the product and the company.

Product Positioning Strategy

The positioning process always starts with product positioning. This opinion was expressed by Regis McKenna (1985) in Yuli Prihartini (2008: 20) which proposed the definition of product positioning as follows: 'The positioning process should begin with the product themselves. To gain a strong product

positioning, a company must differentiate its product from all other products on the market. The goal is to give the product a unique position in the market place.

The above definition implies that the positioning process must begin with the product itself. To achieve strong product positioning, a company needs to differentiate into many factors: technology, price, quality, distribution channels or target customers.

Product positioning is intended as a strategy to put a good image of the product in consumers' mind, so that our products look superior to competitors' products. Critical concern is how to make consumers have a same perception with our company about the products we offered.

According to Kotler, 2006: 265) in YuliPrihartini (2008: 21), some product positioning strategies that can be undertaken by the company in marketing its products to target markets are:

1. Positioning by attributes
2. Positioning by benefits
3. Positioning according to its application and use
4. Positioning according to the user
5. Positioning by competitor
6. Positioning by product category
7. Positioning by price

Positioning by Attributes

Positioning is done by highlighting products' attributes/characteristics that are superior in comparison to other competitors. According FandyFrendyPrasetyaTjiptono (2011: 44), positioning based on characteristics is done by associating a specific product attributes, with specific characteristics or benefits to customers.

Selection of attributes that will be the basis of positioning should be based on these six criteria:

1. The degree of interest (importance). It means that these attributes are very valuable in the eyes of customers.
2. Uniqueness (distinctiveness). It means that these attributes are not offered other companies. It could also attribute it packed more clearly by the company than its competitors.
3. Communicability. It means that these attributes can be communicated simply and clearly, so that customers can understand.
4. Preemptive. These attributes can not be imitated by competitors.
5. Affordability. This means that the target customers will be able to pay the difference or uniqueness of these attributes. Each additional fees for specific characteristics deemed commensurate value added
6. Profitability (profitability), meaning that the company is able to earn additional income by accentuating the differences.

Based on the above, product attribute indicators that are used to determine the purchase decision in this paper are:

1. Degree of interest (importance)
2. Uniqueness (distinctiveness)
3. Communicability (ability to communicate)

Positioning by Benefits

This method has an intention that the product is positioned as leader in a particular benefit which associated with more benefits given from that product. According to Michael Porter cited in dokterbisnis.net positioning benefit based on the advantages of the product in satisfying the needs, desires and consumer's taste. Based on the above, positioning indicators used to determine the benefits of purchasing decisions in this research are:

1. Needs
2. Desire
3. Taste

Positioning according to its Use and Application

This is done by highlighting a set of values penggunaan application. Positioning is based on the use or application of the product can use multiple positioning strategies although each additional strategy is to invite trouble and risk.

Often a positioning strategy based on the use is used as a second or third position which is designed to develop the market. Because Starbucks Coffee products are categorized as non-durable products and service products, positioning based on the adoption and use of derivatives is not used as a variable in this study.

Positioning according to the User

This means positioning the best product for a number of user groups, or in other words, the product is aimed more at a community or more. Or in other words according to the user's positioning is done by associating a product with personality or type of product users. Based on the above explanation, competitor positioning indicators used to determine the purchase decision in this study:

1. Trademark Association
2. Social Status
3. Pride

Positioning by Competitor

This is attributed to the competition position with company's main competitor. Often this kind of positioning is used to convince customers that one brand is better than the market leader brand for certain characteristics. Overall products put forward its brand name fully and better positioned than its competitors. Therefore, based on the above explanation, competitor positioning indicators used to determine the purchase decision in this study are:

1. Comparison of Quality of Products
2. Comparison of Service
3. Comparison of Interior Design

Positioning by Product Category

This is done by positioning the product as a leader in the product category; in other words, positioning is done by switching or replacing a specific product class. Based on consumers who use them, products and services are divided into two categories, namely: (Laksana, 2008: 69-73 in Bintua, 2011: 10)

1. Consumer Goods (consumers goods)
2. Goods Industry (capital goods)

Based on the research done by Sefnedi (2013), Hendri and Sumanto (2010), variable measurements of the products used in this research adapt a combination of both researchers as it is more suitable with the above objects, namely marketing research services, which are:

1. Program expertise / courses offered
2. Compliance membership programs / majors with the labor market
3. Accreditation
4. Technology modern equipment
5. Completeness of service
6. Quality of membership programs / courses offered

Positioning by Price

This positioning is trying to create a high quality impression or image through higher prices, otherwise emphasize low prices as an indicator of value. Here the product is positioned to provide the best value. Thus, the indicators used in product attributes that determine purchasing decisions are:

1. Suitable amount of the education cost
2. Reducing the cost of education
3. Ease of payment / waivers
4. Term of payment

Purchasing Decision and Its Definition

Purchasing decision (i.e. buying decision) is the selection from two or more alternatives of the purchasing decision choice, which means that whenever one wants to make a decision, there should be some alternative options available. The decision to purchase can lead to how the process is carried out in the decision (Schiffman and Kanuk, 2008).

Setiadi (2003) defines that the core of consumer decision-making is a process of integration that combines knowledge to evaluate two or more alternative behaviors, then choose one of them. The results of this integration process is an option presented cognitively as a desire to behave.

According to Engel (1995) purchasing decision is a process to formulate various alternative measures to impose choices on one of the alternatives. While Kotler and Keller (2011) defines purchasing decision as a problem solving process that consists of analyzing or recognizing the need and desire, information retrieval, assessment resources, the selection of alternative purchases, purchasing decisions, and behavior after purchase.

Based on the definition above, it can be concluded that purchasing decision is a consumer behavior which draws how consumer determine his/her choice of products and services as the process of selecting alternatives to achieve his/her satisfaction of needs and desires, including problem recognition,

information search, evaluation of alternatives purchase, purchasing decisions, and behavior after purchase.

Purchasing Decision Process

Purchasing decisions can be seen more clearly through a process that provides a holistic view about the determinant variables, including the activities of consumers in achieving the best decision. Here are the five stages of consumer's purchasing decision process according to Kotler and Keller (2011):

1. Introduction Problems / Needs

The purchasing process begins when the buyer realizes a problem or need that is triggered by internal or external stimuli which later became the impetus that trigger thinking about the possibility of making a purchase. Buyers feel the difference between the actual state of the state wanted. Among consumers, there seems to be two styles of recognition of different needs or problems. Some consumers is a type of the actual situation, who feel that they have a problem when a product can not function satisfactorily. In contrast, other consumers are the type of desired state, which for those craving something new to be able to drive the decision process.

Marketers must identify specific circumstances that trigger a need to gather information from a number of consumers to develop marketing strategies that sparked the interest of consumers.

2. Information Search

At this stage, consumers whose needs are intrigued will be compelled to seek more information either actively or not. There are two levels of involvement with the search. First, attention is sharply lower search state in which a person has only become more receptive to information about a product. Second, the active information search where someone looking for reading material, let's say, a friend, do online activities and learn about the store to know about that product.

Consumers usually try to remember before seeking various sources of external information regarding the needs associated with the consumption of certain. Past experience is regarded as internal information sources. The greater the relation to past experience, the less external information that may be required consumers to reach a decision. Many consumer decisions are based on the combined experience of the past (internal resources) and noncommercial marketing information (external source). The level of perceived risk may also affect the stage of the decision making process. In high risk situations, consumers may be involved in the search and evaluation of complex information; in low risk situations, they may be using tactics of search and assessment information is very simple.

The main sources are divided into four groups: (1) personally, through family, friends, neighbors, colleagues. (2) commercial, through advertising, web sites, sales representatives, distributors, packaging, display. (3) the public, through the mass media. (4) Experimental, through handling, inspection, use of the product.

3. Evaluation of Alternatives

The basic concepts to understand the evaluation process are: (1) consumers trying to satisfy their needs (2) consumers seek certain benefits of the product solution. (3) consumers see each product's attributes as a group with the ability to deliver a variety of benefits to satisfy the needs. In other words, consumers seek the benefits of a product and compare with other products in order to select which products are appropriate and in accordance with their needs, desires, and ability to purchase.

4. Purchase Decision

Consumer purchasing decisions are influenced by two factors, namely the consumer perception of the product or brand chosen and other influences such as another customer's behavior or unexpected situations.

Consumers do three types of purchases: trial purchases, repeat purchases and the purchase of long-term commitment. When consumers buy a product (or brand) for the first time in lesser amount than usual, this purchase will be considered as an experiment. So the trial is a phase of buying behavior did in exploratory gesture, in which consumers try to assess a product via direct consumption.

If a brand new category established products (for example, a toothpaste) based on perceived trials is more satisfactory or better than other brands, consumers may repeat purchases. Repeat purchase behavior is closely related to the concept of loyalty to the brand, which is cultivated by most companies, because it contributes to greater stability in the market. Unlike a trial, where consumers use the product in small quantities and without any commitment, repeat purchase usually signifies that the product meets consumer's consent and that he/she was willing to wear it again and again in larger quantities.

Experiments of course is not always possible. For example, for more durable goods such as refrigerators, washing machines, and electric stoves, consumers usually switch directly from an assessment of the long-term commitment (through purchase), without a real agreement to trial.

5. Conduct post-purchase

When consumers use a product, especially during a test purchase, they assess the performance of these products according to their expectations. There are three assessments that may arise: (1) the actual performance in line with expectations that cause feelings neutral; (2) the performance exceeded expectations, leading to what is known as the fulfillment of a positive expectation (that cause satisfaction); and (3) the performance below expectations, which lead to the fulfillment of expectations negatively and dissatisfaction.

As marketers we need to observe the behavior of post-purchase consumer because the consumer may experience conflict due to see or hear alarming features of the fun things about other brands and alert to information that supports decision.

Things need to be observed are (1) post-purchase satisfaction, satisfaction is a function of proximity between the expectations and assumptions performance products. If the performance does not meet expectations, consumers disappointed. If you meet the expectations of consumers satisfied. If you exceed expectations, consumers are very satisfied. (2) The act of post-purchase, satisfied customers tend to say things that are good about the brand to others. On the other hand, consumers who are disappointed may ignore or return the product. (3) the use and the elimination of post-purchase, the driving frequency is the level of sales of consumer products, the sooner the buyer to consume a product sooner they return to the market to buy it again.

Briefly, purchasing decisions begin when buyers are aware of a problem or a need that is triggered by internal and external factors which later became the impetus for possible purchase by first seek information from various sources to meet the needs and desires. From the information that was obtained, the buyer will conduct an evaluation to determine the options according to your needs and desires in which factors of satisfaction and the benefits of better product that will be chosen. The next step is making purchasing decisions which are influenced by the prospective buyer's motivation and attitudes of others who influence purchasing decisions and the latter how consumer behavior after using the product of his/her choice. When he/she was satisfied he/she would say good things about the product to others, otherwise he/she may be ignoring these products or even possible to get rid of it.

Factors Influencing Purchasing Decisions

According to Schiffman and Kanuk (2008) As for factors that influence purchasing decisions are (1) the marketing mix, (2) socio-cultural environment, (3) the psychological field, which can be classified as follows:

1. The marketing mix (marketing mix) consist of product, price, promotion and distribution are known as 4P. As for services 7P by adding the elements of process, people and physical facilities.
2. Social and cultural environment consisting of families, resources, other non-commercial sources, social classes and sub-cultures.
3. Psychology consists of motivation, perception, knowledge, personality and attitude.

Measurement Purchasing Decisions

According to Kotler and Keller (2011) measurements purchase decision variable refers to the indicators is the decision-making process, namely:

1. Introduction to the problem needs
2. Search information
3. Evaluation of alternatives
4. The decision of purchase / selection
5. Conduct post-purchase / post-election

While variable measurement of consumer purchasing decisions according to Schiffman and Kanuk (2008) based on a model of consumer purchasing decisions comprising:

1. Input, which consists of the company's marketing efforts, sociocultural environment and psychological fields.
2. The process, which consists of the introduction of the needs, research before purchasing and assessment of alternatives.
3. Exodus, which consists of purchasing behavior and post-purchase ratings.

To measure the purchase decision variable in this study refers to the decision-making process indicators dikemukakan Schiffman & Kanuk (2008), namely:

1. Introduction to the problem needs
2. Searching for information
3. Evaluation of alternatives
4. The decision of purchase / selection
5. Conduct post-purchase / post-election

PREVIOUS STUDIES

Prior studies are very important to prove the theory as well as to serve as a basis for making the research model/conceptual framework and formulating the hypotheses. Some previous studies that are relevant with variables discussed in this paper are as follows:

The Influence of Positioning on Purchasing Decisions Positioning is about how company's brand can go inside and dominate the minds of customers. Consumers are often faced with too much information about products and services. They might not re-evaluate the product every time when making a purchase, whereas in their minds every product or brand will be grouped into several categories. Determining the position is not what marketers do with the product, but rather an activity performed by the marketers on the minds of potential customers so that the product can be implanted with the right position in the minds of customers. Thereby it is expected to improve consumers' purchasing decisions.

The main idea that needs to be done in an attempt to nail a message inside a person's mind is not at all related to that message, but is precisely the mind itself (Yuli Prihartini, 2008: 33). Clean mind is the mind that has not been polished by other brands. So the role of positioning is an organized system in an effort to find a right thing at the right time in one person's mind. Positioning strategy that is well made by a company will create a good product image in consumers' minds. It will eventually be able to drive a consumer decision to buy and use the company's products. Thus it can increase the volume of purchasing that company's products.

There was a study conducted by Sandy Wulan Karamoy on "Segmenting Strategy, Targeting, Positioning, And Its Effect on Consumer Decision to Use Product KPR BNI Griya" with some results indicating the effect that positioning strategy is affecting consumer's decision to buy KPR BNI Griya products. This is in accordance with the opinion of Kasali (2001: 295), who mentioned that positioning is the determination of offering action position and image of the company to fulfill a distinctive position in the minds of customers (Kotler, 2008). Based on the research is that the positioning of KPR BNI Griya is highlighting the product benefits as its positioning. BNI happened to position KPR BNI Griya products as products that have a good credit quality with credit terms and penalties that do not burden consumers. In addition, the bank also has employees who have knowledge of credit that could provide maximum service and explanation to the debtor.

Based on the theory and the results of previous studies above it can be developed first hypothesis as follows:

H1: Positioning positive and significant impact on the decision of the selection Private university campuses in the province of Jambi.

SUGGESTION

Porter has successfully discourse on strategic management and conduct positioning military strategy to be applied into business. However, there are still weaknesses in the theory of positioning itself. In Porter's flow of positioning, strategy focus has become narrow. This flow directs strategy into generic solutions and not a unique perspective. Value strategy as a unique art and creativity tend to be ignored by Porter. This often leads to failure in developing creativity, especially to face uncertainty in the business world.

The positioning flow focus is too narrow that only emphasizing on economic issues and quantitative data rather than social and political issues or qualitative economic data. Narrower study context as shown in various existing matrices, positioning flow experiencing some biases such as on large businesses which usually is the least effective in competing in a traditional manner. Moreover, bias also happened on company's external conditions, especially in the industry and competition, which have become more sharp due to internal company policies. In the process, this flow is more involving calculations behind the counter and keeping analysts out of the field. Clearly such a process can be unhealthy because of lacking respect for emotional involvement in corporate strategy development process.

RESEARCH IMPLICATIONS

Based on the problem formulation, the purpose of this research, and the development of hypotheses, we develop our research model or conceptual framework in this study as follows:

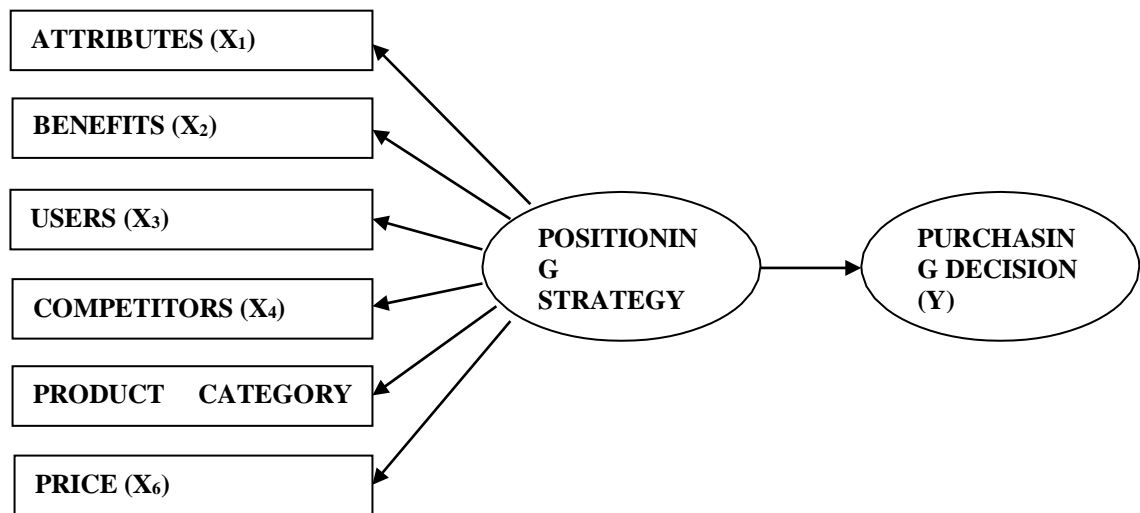


Figure 1. Research Framework

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As Presenter

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