Pricing Strategy for Educational Services

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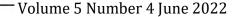im02juna@gmail.com

ABSTRACT

Management is a system of regulating human resources to achieve goals. Marketing is satisfying the needs and desires of consumers. In relation to education, services can be defined as the activities of an educational institution providing services or delivering educational services to the consumer in a way that satisfies him. Marketing in the context of educational services is a social and managerial process of obtaining what is needed and desired through the creation of offers, the exchange of valuable products with other parties in the field of education. There are three approaches to determining the price of educational services, namely the first is the determination of the price of educational services based on cost, the determination of the price of educational services based on competition and the determination of the price of educational services based on value. There are ten techniques that education service marketers can use to determine the price of educational services to customers of educational services.

Keywords: Pricing, Pricing Strategy, Educational Service

INTRODUCTION

Price is an important element in marketing and should always be seen in conjunction with marketing(Duan et al., 2022; Einav et al., 2016). Price interacts with all the other elements in the marketing mix to determine the effectiveness of each and all elements. The goals that guide the pricing strategy must be part of the goals that guide the strategy as a whole. Therefore, it is not correct if the price is seen as an independent element of the marketing mix, because the price itself is a central element in the marketing mix(Labaso, 2019; Lim et al., 2020; Nurman & Harapan, 2021).

In the world of education, price is one of the considerations for parents to send their children to school, although sometimes the price is sidelined when looking at the quality of the schools offered to the community. Not all schools charge high prices. The logic of thinking in determining the price of educational services is

influenced by many factors that exist around the school. In determining the price, the strategy used must be a good strategy, namely a strategy that has a clear foundation, target, and technique, so that to achieve the objectives of the strategy it can run effectively and efficiently. the price of education services(Alfiyanto, 2020; Kuswibowo, 2021; Pardiyono et al., 2022; Sarifudin & Maya, 2019; Wahyuni et al., 2021).

METHOD

This study implemented explanatory research with a sample of 5 years of education costs incurred by the school and the number of students. Analytical techniques using statistical analysis with regression testing, correlation, determination and hypothesis testing

RESULT AND DISCUSSION
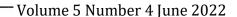
Determination Price Education Services

Price is a component that directly affects the profit of the company or institution. The set price level affects the quantity of goods sold. In addition, prices also indirectly affect costs, because the quantity sold affects the costs incurred in relation to production efficiency. Therefore, pricing affects total revenue and total costs, so pricing decisions and strategies play an important role in every company or institution (Susanto, 2011)

, including pricing strategies for educational services, can be analogous to a three-legged pedestal and three legs, which are based on costs, competition, and value for customers. The cost of education is the basic price or minimum price for educational services imposed on certain educational service products. Meanwhile, the value of the education service product is the roof price or the maximum price for educational services. The price of educational services charged by competing schools for substitute education service products or similar educational service products, lies between the roof price and the base price of the three-legged pedestal.(Stumpf et al., 1990)

By reconsidering the previous description, there are three approaches to pricing education services (Wijaya, 2009), including:

A. Pricing for Education Services Based on Cost

The price of educational services is determined based on the educational costs associated with activities to produce, deliver, and market educational service products. Marketers of educational services must determine the appropriate price for educational services to cover all educational costs in order to produce and market educational services. However, we should not look at the cost of education from the point of view of cost accounting which only emphasizes

the category of education costs, but see the cost of education as part of an integrated school effort to create value for customers of educational services.

b. Pricing for Educational Services Based on Competition

There are two strategies for price competition for educational services that schools can implement, including:

1). Price Leadership for Educational Services (*Price Leadership*). In the national education services sector, we can find schools that act as price leaders for educational services, while competing schools will follow in the footsteps of the price leaders for educational services (Maimun & Fitri, 2010).

2). Bargaining and Negotiating Prices of Educational Services (*Price Bids and Negotiations*). Schools subcontracting can use the method of bargaining for the price of educational services by asking for offers of educational services from education service suppliers (Syahri, 2017). An alternative to the method of bargaining for the price of educational services is negotiating the price of educational services involving suppliers of educational services, to provide information on offering lower prices for educational services, run a faster education process, or offer other attributes.

3). Pricing for Educational Services Based on Value

Reduction of uncertainty. If education service customers are unsure of how much value an education service will receive from a school, they may look to a well-known education service supplier or not buy education services as a whole (Evidence Et Al., 2008). Pricing of educational services controlled by the benefits of educational services, to help reduce uncertainty focused on aspects of educational services that are directly beneficial to customers of educational services. Pricing of education services at a fixed rate, which provides a constant price of educational services prior to the delivery of educational services so that education service customers are not surprised.

Improved relationship. In fact, a discounted price strategy to win the education competition is not the best way to attract education service customers who will remain loyal forever. However, offering a discount when an education service customer purchases two or more educational services at the same time is a good relationship building strategy. Cost leadership. The aim of this strategy is to achieve the lowest cost of education in the national education services sector. The low price of education services is highly expected by education service customers with low financial budgets (aziz, 2015)

Education Service Pricing Techniques

The long-term goal of marketing is to provide the uninterrupted realization of educational activities through the creation of an appropriate price for educational services. With competitive prices for educational services, schools can lead the education services market so that they can attract many students. When formulating the price of educational services, marketers of educational services must pay attention to the costs that arise in the educational process. The government often gives too much freedom to schools in the process of formulating the price of educational services so that it can be reflected in the price of education services which is too high, and for most people that price is the price of educational services that cannot be reached.

Determine price is one _ the most challenging decision to taken by entrepreneurs (Sutanti Murti Handayani et al., 2016). . Price too tall will make business you very difficult interesting interest buyer . On the other hand , price too inexpensive will make your profit is not could cover cost expenditure your efforts . Then what to do you do ? Following are 5 considerations when determine price goods you . Have you? the price you install appropriate ?

 a. Know score more from Goods / Services that you offer

With knowing score more from product you , you will more easy determine fair and reasonable price _ for the goods and services you offer . Besides that , you will Becomes the more believe self when install price more (Mubarak, 2004).

 b. Find out who customers and candidates your customers

Who just target your product ? Question this must can you answer before put a price tag on your product . Simple only , circle medium to the top no will glance your product if the price you offer too cheap (even though with quality good). Because buying your product is not increase prestige them (Mubarak, 2004).

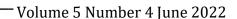 c. Know amount cost required _ for produce your product

make it details costs incurred for produce product you . Do not forget it costs that are operational like cost electricity , internet , transportation , etc direct influence production . Accuracy calculation cost could help you to decide price sell what doesn't harmful your (Susanto, 2011)efforts .

 d. Find out your rival

Preferably , the price sell your product / service is not far different with price competitors . However legitimate just set price a little more tall if amount the factor you offer , for example location more strategic place _ more comfortable , service more fast , quality has tested (Fitri, 2016).

 e. Know the existing trends

With understand the trend, you could knowing needs customer even before customer know what are they need . you can Becomes pioneer in
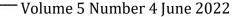
something innovation possible product _ your efforts to dominate the market. Because as the king of the market, you are free determine price product , of course with permanent notice reasonableness .

There are 10 techniques that can be used to determine the price of educational services to education service customers, including (Kurniyati, 2015):

1. Pricing based on unit (*unit pricing*). The price of educational services that students must pay is determined per unit.

2. In two -*part pricing* , students pay the same price for education services for tuition *,* then pay the price for education services according to the number of subjects taken.

3. Determination of prices based on time (*term pricing*), the payment of the price of educational services is determined for one semester, namely students may take as many subjects as possible according to the rules determined by the school.

4. scaled *pricing* , students pay higher prices for educational services for the first and second semesters, then pay less for additional semesters.

5. Determination of differential pricing (*differential pricing*), the price of educational services is determined differently according to the segment of students who are accepted.

6. The price of education services can be negotiated (*negotiated tuition*), the determination of the price of educational services can be negotiated.

7. Quantity *discounts* , students who come from certain regions or characteristics can be given special discounts.

8. Time -*based discounts* , the price of educational services is determined based on the time of registration.

9. Pricing when crowded (*peak-load pricing*), if many students want to enroll in school, the school can charge higher education service prices for parents of students who can afford it.

10. Determination of the price of time contributions (*work contribution*), if the school has an internship program for its students, students can receive student package assistance which includes an internship program in the form of scholarships so as to reduce the price of educational services to attend a higher level of education (Supriyanto & Troena, 2012).

Education Service Pricing Model

Education is an investment in the form of education expenditures to produce quality human resources. Chambers invented the education expenditure formula. To formulate this concept, we give the symbol E (*expenditure*) for the level of education expenditure per student, Q (*quantity*) for the level of quality of educational services per student which represents the number of educational services purchased, and P *(price)* for the price per unit of quality of educational services. . The relationship between elements can be formulated in the "Educational
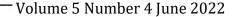
Service Price Differential Formula", namely: E = P x Q (Formula 1) (Evidence et al., 2008).

Based on this formula, it can be concluded that there are two important factors that affect education spending, namely as follows:

  a. Variations in the number of educational services purchased. Barro suggests 4 factors that influence the demand for quality education services (denoted as Q), among others

a. The relative price of education services, namely the price of educational services relative to the prices of all goods and services owned by customers of educational services other than education services.

b. School fiscal capacity, namely local fiscal capacity in line with the value of grant assistance between government departments (central and regional).

c. The factors that influence the local tax burden, namely the composition of the local tax base related to housing and business ownership.

d. Local people's taste for education services.

  b. Variations in the price of educational services. There are two factors that influence the variation in the price of education services (denoted as P) including:

1. Factors influencing supply and price of school *inputs* : quantity and quality of services provided by teachers.

2. The factors that influence the process technology of education services, namely the scale of operation and the nature of student needs.

   1). Student payments for tuition fees.

      2). Student payments for other services.

   3) Sponsored research.

   4) Donations and charity money.

$$S = s \, (qx \, W \, x \, Z_s) \text{ (Formula 2)}$$

After knowing the "School Income Formula" (Formula 2), education service marketers can find out how to increase school income. Basically, schools can increase revenue by increasing one or more of the sources accounted for in the formula, consider increasing tuition fees each year by attracting and retaining more students, increasing room costs (usually as housing costs increase) by increasing student interest to live in dormitories or establish policies that require students to stay in dormitories for some time, increase income from cross-subsidies between existing education programs and other schools so as to provide flexibility to offer and maintain educational programs, which may never be achieved by schools themselves, can conduct sponsored research, increase the effectiveness of fundraising

efforts, and manage charity money to maximize school returns (Syuhud, 2008).

School *input* offer . School staff salaries are the most important factor in the cost of educational services associated with supplying school *inputs* . To formulate the salary of school employees, we can provide the symbol S (*salary*) which represents the salary of school employees, which includes the following two factors:

1. Endogenous factors, namely demand factors such as choices about the quality characteristics of school employees (represented by the symbol q, which includes experience and educational preparation) and other ability characteristics and working conditions.

2. Exogenous factors, namely supply factors (represented by the symbol Z_s), which reflect the relative attractiveness of jobs in a defined area, include the size of the area, the racial and ethnic composition of students, as well as local labor market conditions (Usman, 2016).

Formally, the salary equation for school employees can be expressed in the following "School Employee Salary Differential Formula":

$$S = s (qx W x Z_s) \text{ (Formula 3)}$$

Educational production technology. The main factors that influence the supply of educational services in the form of educational technology are differences in the composition of students with socioeconomic backgrounds and differences in the composition of students based on racial and ethnic characteristics. These differences can be analyzed using the cost of living index of various families with different arrangements. Family background, family structure, and differences in family age structure on family spending patterns will affect the cost of living index (Usman, 2016). Marketers of educational services can examine the behavior of decision makers in schools about variations in government patterns of school *input* .

After knowing the elements that determine the cost of educational services, marketers of educational services can make a formal structure of these elements so that they know the relationship between these elements and the cost index of the quality of education services. If you review the economic theory of index numbers, the correct cost index for quality of education is the ratio of the minimum expenditure required in the situation of two different offerings (costs) and/or technology in order to provide quality educational services. The ratio can compare two decision-making units at two points in time. To compare two schools at a point in time, the education services marketer assigns a local cost function. As with formula 3 for the salaries of school employees, we give the symbol Z_s as exogenous supply factors and the symbol Z_T as exogenous technological factors (ie student needs and regional scale). Formally, the regional cost function can be

written as "Education Service Quality Cost Index", which is as follows: $E = E(Q, Z_s, Z_T)$ (Formula 4)

With existence problems that have outlined above , then the symptoms found in the field regarding with expensive cost enter to college high country in Indonesia is as following :

a. There is rules governments that do not take sides to weak society .

b. A number of college tall famous peg cost enter between 5 to 25 million rupiah for every student new .

c. Ascension cost more education on state campuses fast compared with campus private .

d. Though government already give relief through a number of scholarship for students who don't capable and accomplished permanent just no in accordance with standard life Indonesian people today this .

e. Selection process track independent usually enough eat cost .

f. Part big people in indonesia no capable finance cost education very expensive high .

g. Existence UKT concept _ started based on reality that withdrawn money _ from student the too a lot .

h. Money base for study at college state high school (PTN) is abolished , money tuition per semester Required borne by the students .

Analysis Determination price

a. School Superior Ar Treatise Lirboyo Kediri

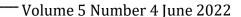Terms & Fees Registration

Terms and Fees Registration .

1. Condition Registration of KMI/ Kulliyatu -l- Muallimin /at (MTs/MA).
    1. Fill in form registration .
    2. Legalize STTB, NEM SD/MI or SMP (reports and letters graduation certificate) and NISN respectively one sheet .
    3. SK move / mutation (for student / student transfer)
    4. black photo white (3X3, 3X4, 3X6) 4 widths each .
    5. Photocopy, deed birth , card family and mahrah list .
    6. Fulfill all applicable provisions . _
    7. students who do not reside are only those with KK Ponorogo .
2. Condition Registration of KMI/ Kulliyatu -l- Mubtadiin /at (SD).
    1. Fill in form registration .
    2. SK move / mutation (for student / student transfer)
    3. black photo white (3X3, 3X4, 3X6) 4 widths each .
    4. Photocopy, deed birth , card family and mahrah list .
    5. Meet everything applicable provisions . _
    6. Students who do not live are only those with KK Ponorogo .
3. Requirement Registration of Islamic Children's Parks.
    1. Fill form registration .
    2. SK move / mutation (for student / student transfer)
    3. black photo white (3X3, 3X4, 3X6) 4 widths each .
    4. Photocopy, deed birth , card family and *mahram list* .
    5. Fulfill all applicable provisions . _

Cost registration .
1. Cost registration for all student / student new is Rp . 850.000,-
2. Cost monthly as big as Rp . 380,000,-
3. Cost school and student dormitory Rp . 1,020,000 and female students Rp . 1,080,000
4. Cost necessity personal (uniform schools , scouts , sports) students Rp . 610,000 & students Rp . 870,000
5. Total Cost 2,860,000 students & female students Rp . 3.180,000

Cost necessity personal can in installments in accordance ability or brought from house ." What just brought _ from the house was returned and recommended all attribute new and buy in cooperative hut . Must new all so the initial funds reach number IDR 20. 000 000,- Thing this Becomes very expensive for clangan medium to down.

Example school superior but still in range Public is the school that organizes full day with assumption that send to school son her daughter while leave because his parents worker all. School this offer learning begins _ from 07.00 to 16.00. so that school this still interested Public by general though price relatively expensive with calculation that guard kids need too cost alone who don't little and level more security _ guaranteed at school . As if this   exemplify that quality compare straight

with price . SDIT Darussolihin is stumped this determine price tall if calculated _ from its being located in the city district in the neighborhood village . Determination Cost education as following :

1. Cost registration for all student new is Rp . 500,000,-
2. Cost monthly as big as Rp . 130.000,-
3. Cost school and eat afternoon student Rp . 900,000 and female students Rp . 1,000,000
4. Cost necessity personal (uniform school , scout , sports , equipment school and equipment meal) students Rp. 1,500,000.,
5. Tuition fee Rp . 50,000

For School even this is expensive seen from glasses Public village surrounding .

Whereas for Regular school _ no too big required cost . _ For following applicable curriculum and follow _ suggestion free schools at the elementary and junior high school levels . However no close possibility that not even quality always below _ school top . The school that organizes cost inexpensive But Keep going race for increase existing quality and try _ look for market gap needed Public around school as pre - eminent value . Try our compare school fees _ _ _ regular BOS recipients with free School jargon

   a. Cost registration for all student new is Rp . 20,000,-
   b. Cost monthly of Rp. 0,-
   c. Cost school and eat afternoon student Rp . 0
   d. Cost necessity personal (uniform school , scout , sports , equipment schools and books) students Rp. 400,000.,
   e. Tuition fee Rp . 15,000

   If our compare certain seen very far different , so assumption expensive and quality school that sometimes no can be denied again .

CONCLUSION

In the world of education price be wrong one parents ' considerations for send to school son his daughter , though sometimes price ruled out moment see quality Schools on offer to society . Not all school determine price with high . Logic think in determine price service education is influenced by many factors that are around _ school that .

In determining the price, the strategy used must be a good strategy, namely a strategy that has a clear foundation, target, and technique, so as to achieve the objectives of the strategy it can run effectively and efficiently. School that decides price service education at a high level followed with good quality , meanwhile _ the school that sticks price low Becomes sign ask big among _ society . If our compare certain seen very far different , so assumption expensive and quality school that

sometimes no can be denied again but school cheap which is not cheap ca n't even see _ _ adjacent eyes , because will there is many alternative funding besides than taken _ from parents _ students .

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