

## The Relationship of Marketing Mix and Its Impact Towards Customer Choice to Enroll in Tuition Centers

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**Abstract:** This study is conducted to examine the relationship between marketing mix and Its Impact Towards Customer Choice To Enroll In Tuition Centers. In this study, the sample consisted of 75 students of "Sijil Pelajaran Malaysia" in the year 2017 in three tuition centers around Perlis. Questionnaires were used to gather information from the students. A structured questionnaire containing 28 items regarding the marketing strategy was distributed to the students. Software "Statistical Packages for Social Science" (SPSS) was used to analyze the data and it was presented in the forms of inferential and descriptive statistics. The result of the correlations shown that all marketing mix has relation with customer choice of tuition center except promotion strategy. Together all the independent variable contributed 25% to the dependent variable. Discussion of future research are discussed at the end of the paper.

**Key words:** *Customer Choice, Product, Promotion, Price and Place Strategy*

### INTRODUCTION

According to Ministry of Education [1] stated that the Private educational sector was an expanding institution in the Malaysian education system, especially an increasing the number in private universities, colleges and other private institutions. It's a line with Malaysia target to be a regional center in education. This aim has been changing the figure in Malaysia public higher education through increasing of new universities, university colleges and polytechnics. Private education has existed in Malaysia since 1950. In the early 1970s, the role and function of the education system had created private schools to accommodate students to continue their secondary education. Then in 1980, private education has made a change in which it has provided educational opportunities in higher education as an alternative to those who are not elected to enter public higher learning institution. Today, private education in Malaysia has grown so rapidly with the establishment of more private higher education institutions.

Tuition centers is a part of Private higher learning institutions in Malaysia. The significance of tuition center among Malaysian school children is indisputable. Although it is once considered as a luxury, it is currently deemed almost as a necessity by a large segment of the Malaysian students and parents.

In this study, researchers want to study the relationship of promotion strategy on customer choice of private educational institutions which is tuition Centre. Tuition centers established for students who are studying in year one until form six. Until now, most operators of tuition Centre do it in half time. The instructors in a tuition Centre consist of government school teachers. According to Abdullah Othman [2], before registering private institutions have to meet and comply with some policy and policies set by the Ministry of education and tuition centers are subject under the private Education institutions Act 1996.

In order to understand how changes in the market occur, not only does a tuition center has to understand the broader issues in the business environment and the view of the market perceived by competitors, but it also has to understand the buying behavior of their own customers. It's important for tuition centers to recognize the stable market as lack of knowledge about it will lead the

business to failure. This can be avoided through an understanding of the role of the tuition centers, factors such as culture, social class, and family that translate into advertising and promotion that is sensitive to the environment.

This study also plays an important part in helping tuition centers to identify relevant facts about buyer behavior and how marketing strategy influences the buying decision. This provides all kinds of information which can help form the basis of a marketing strategy in founding a tuition center. Marketing strategies that will be used by tuition center should understand what kind of criteria consumers use to evaluate their services in education. If it's discovered that a service does not meet the consumer's expectations, then the marketer can try one or more of a number of options which may mean that the tuition centers will have to change the strategies in service in order to cater to consumer expectations.

### **PROBLEM STATEMENT**

In recent years, an expanding number of tuition centers were mushrooming due to increasing demands on academic performance among school students. The dramatic achievement of tuition centers in meeting the needs of students calls for a study that evaluates the various factors that cause the participation and involvement of parents, teachers and students in tuition centers enrolment. Tony [3] suggested the use of the formal models of consumer behavior to help companies to establish a framework which will enable them to both understand consumer behavior and formulate communication strategies. It is important for the company to hold the want and need of the customers as their utmost priority in providing the service.

Customer choice may be influenced by consumer behavior such as promotion, place, price and product specification, environment factors and buyer characteristics. Michal [4], proves that it is diagnostically useful to the company in investigating the importance of process and the outcome quality will influence customer choice. For companies that provide services like tuition center, the most important factor that determines success will be the quality of the service since it gives the utmost impact on customer satisfaction. Klaus Wertenbroch [5] claims that parents and students can be victimized by tuition center operators who are merely motivated by profits thus neglecting the quality of the service.

According to Mahzan [6], service strategy is an important element in setting up an organization. It is safe to say that most tuition centers lack proper facilities such as air conditioning and LCD projectors. Tuition centers that are equipped with full facilities can create a conducive learning environment for students and

teachers. Therefore, the facilities provided by the tuition center can affect the students' choice.

A study conducted by Jamil [7] explains that students attending tuition classes will have to pay the costs requested by the tuition center through payment of monthly fees. The amount of monthly fees depends on the number of classes attended by the student. The pricing strategy plays an important role in determining the profitability to tuition centers through the amount of monthly fees charged.

### **RESEACH OBJECTIVE**

1. To identify the relationship between product strategy and customer's choice of tuition center.
2. To identify the relationship between price strategy and customer's choice of tuition center.
3. To identify the relationship between place strategy and customer's choice of tuition center.
4. To identify the relationship between promotion strategy and customer's choice of tuition center.
5. To determine the contribution of marketing strategy on customer's choice in tuition center.

### **LITERATURE REVIEW**

#### ***Customer Choice***

Schiffman and Kanuk [8] define consumer behavior as "The behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services, and ideas". They also elaborate on the definition by explaining that consumer behavior is how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. From a marketing perspective, consumer behavior most probably became an important field of study with the development of the marketing concept. This is stated by Assael [9] to emphasises the influence of the marketing concept in marketing. According to the marketing concept, marketers first need to define benefits sought by consumers in the marketplace, followed by the drafting of marketing plans supporting the needs of consumers.

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### **Marketing mix**

According to Gummeson [10], the list of additions of 'p' dimensions in marketing mix does not actually reflect improvements in marketing. This is because every element in the marketing mix is not necessarily practiced by every company. Therefore, it's clear that the marketing mix comprising of 4 P's is still very much relevant today due to its effective strategies in attracting customers by using products and services either in the short term or long term [11].

A study by Azhar [12] found that marketing mix factors did not affect the perceptions of customers towards the service of Islamic pawn shop. Studies conducted in Ar-Rahn stores Kangar branch, reveals that academic qualification is the major factor in influencing the customer choice towards Islamic complaint services. While demographic factors such as gender, age, occupation type and customer income level do not affect the perception of customers towards this service.

### **Price strategy**

Goi [13] expressed the price as the estimating the value of obtaining service and many studies extract that price is the only thing a marketer can change quickly to respond to changes in demand or to the actions of competitors. Price is a key element in the marketing mix because it relates directly to the generation of total revenue and has a psychological impact on customers. Homburg et. al, [14] studied the impact of price increases on future purchase behavior and find that the framing of a price increase as a percentage leads to a lower likelihood of a future purchase compared to the framing in absolute terms. Peattie and Peattie [15] suggest that the price is used as a measure of quality for many service consumers. In that sense, decrease in the price may devalues the brand in the eyes of the customers.

### **Promotion strategy**

Peattie and Peattie [15] found that promotions have only a minor effect on brand switching and customers who do switch might be those who are always looking for the best deal and thus cannot be kept as loyal customers. According to Peattie and Peattie [15], the value increasing promotions, such as price deals, coupons and refund offers, will change the price or quantity of the product in order to increase the value of the offering. The value increasing promotions are the

most commonly used and thus dominate the literature. However, in services promotions, value increasing deals might be troublesome. This is because pricing services is already a difficult task and consumers often use price as a measure of service quality.

According to Theodosiou and Leonidou's [16], the Promotions might be the least difficult variable for an organization to adjust consumer buying behavior to, compared to the other three marketing mix. Kotler [17] suggests using sales promotion to foster trial and brand switching to get new customers to try the product and service.

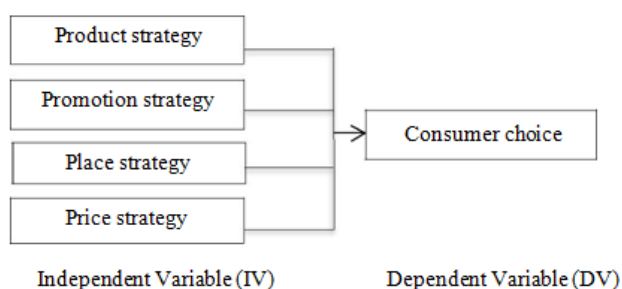
### **Place strategy**

According to Siti Rahayu et.al., [18], the factors that cause students to choose a Higher Education Institution in Malaysia are places and locations. In addition, the environment, the quality of teaching and learning, the university staff and basic facilities are also evaluated by students before they choose to enter any higher learning institution. According to Lohana [19] on the study on Agrochemical products at India's Syugenta company in Nanded India, it was found that the location of business highly affects the customers behavior as compared to other elements in marketing mix.

### **Service strategy**

McKechnie [20] discusses that due to the intangibility, services are low in search qualities, which are tangible attributes and high in experience qualities, which are attributes that can only be assessed after the consumption. Howcroft et. al, [21] argues that the intangibility makes consumers look for other signals of service quality. They tend to concentrate and make evaluations based on available tangible elements such as the place, people, price and communication. Therefore, service providers should make their offering tangible in some way to give signals about the quality. However, Kotler [17] state not all the services is solely intangible and all the goods tangible.

**Conceptual model and hypothesis**



**DATA AND METHODOLOGY**

This research orientation is a quantitative approach and survey study as the appropriate design. This study was conducted by using cross-sectional of longitudinal study due to the time constraint.

Furthermore, a relatively short period of assessment leads to a more cross-sectional approach. The data collection in this research study has come from the preliminary study. In this study, questionnaires were used to collect data from the students of the tuition centers. The instrument used in this study was a structured questionnaire. The questionnaire consists of two parts; part A and part B.

In part A of the questionnaire covers the demographics information of the respondent and in part B, the respondents were asked to answer the question in this section by ticking the rating of 1 to 6 using the Likert scale, which is placed at the end

of each statement in the questionnaires. Likert scale is widely used in social science research and education. According to Azhar [22], this method is suitable to be used because it is easy to handle. In addition, these items make it easy for respondents to answer and the data collected through this scale have higher values of reliability compared to other scales. Section B contains 28 items of questions related to the viability of marketing strategies that influence the choice of customers in the tuition center based on the 4P in the marketing mix.

Simple random sampling was applied in this study, where every element in the population has an equal chance to be selected as a subject [23]. The reliability value of Cronbach Alpha on the items studied on raw data obtained from the 75 respondents is shown in table 1 below.

**EMPIRICAL RESULTS AND FINDING**

Table 1: Reliability of item questionnaire

Item (marketing mix)	Number of items	Value of Cronbach Alpha ( $\alpha$ )
Customer choice	5	0.720
Place strategy	5	0.703
Product strategy	8	0.853
Price strategy	5	0.747
Promotion strategy	5	0.654
<b>Overall</b>	<b>28</b>	<b>0.900</b>

From the table 1 it is shown that the value of reliability displays strong strength of relationship. It is proved by the coefficient value which is more than 0.60. It is shown that the instruments presented are acceptable and reliable. According to Alias [24], the reliability coefficient higher than 0.60 can be considered to be good and vice versa. This was agreed by Sekaran [23] which states that high reliability coefficient indicates that items in the questionnaire are highly acceptable and reliable.

In addition, to ensure this measurement tool is

appropriate in terms of its contents, construct and face validity formats, researchers seek advice from several professional academics. The modification of the measuring instrument based on the needs of the study was made after receiving feedback from lecturers in the faculty of management and economics. After receiving feedback, the questionnaire was corrected and was sent again for approval from the respective authority.

**Correlation finding**

Table 2: Correlation Table

N=75

		Place strategy	Product strategy	Price strategy	Promotion strategy
Pearson correlation	Customer choice	0.428**	0.358**	0.270*	0.135
	Sig. (2-tailed)	0.000	0.002	0.019	0.247

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Resulted from the study has shown that the four independent variables which are the place strategy, product strategy, price strategy and promotion strategy are having a positive relationship to the dependent variable. This finding implies that the place strategy, product strategy, and price strategy have a positive significant relationship with customer choice of tuition enter. This means that

the three null hypotheses formulated are rejected and the alternative hypotheses are accepted. But, there is only one independent variable which is promotion strategy shown there is no significant relationship with customer choice of tuition center.

**Regression finding**

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.453	0.205	0.159	60.27

Table 3 above has shown result in a model summary of regression. In this study the value of R is 0.453, this shows there is a relationship between marketing mix and customer choice. The result shown that only 20.5% (R squared = 0.205) in independent variable was explained the variance in the dependent variable. The finding also explained that three dimensions in the marketing mix except promotion strategy regressed with customer choice at  $p < 0.05$ . The place strategy were found being the most important factors in explaining the customer choice of tuition center due to highest beta value of 0.374.

**CONCLUSION AND RECOMMENDATION**

This study has investigated the viability of marketing strategy and its impact toward customer choice to enroll in tuition centers in Perlis. The result revealed that the effectiveness of the marketing strategies used by tuition centers to attract students' enrolment by identify the relationship between marketing strategy and customer choice. From the finding in this study, it is shown that the marketing strategy (product, price, promotion and place strategy) were strongly influence the customer choice enroll in tuition centers.

This study is not aimed to be prescriptive, this investigation would offer a chance to share

good tuition center marketing practices to other tuition centers out there. It is also intended to help a potential customer to make better informed decisions on selecting a tuition center. This study would provide a significant contribution to our understanding of the business marketing strategy in order to promote a tuition center.

In a broader context, this study could provide valuable input to the tuition-related aspects of an effective strategy for entrepreneurs to improve their business and gain a sustainable competitive advantage. Previous researches have been carried out on the relationship between marketing strategy and customer choice which provided insights on the elements that may produce implications on viability of marketing strategy to successfully attain customers. In a competitive business environment, knowledge about strategic marketing can help tuition centers to identify which elements and actions are needed to be acquired to lead their business towards better results in future.

On the whole, this study could also provide the basis for a more refined research that will enable businesses to increase their capacity in attracting customers through effective marketing strategies and better quality services. It is hopeful that this research will add to the existing body of knowledge in the field of marketing strategy and customer choice of tuition center. Besides, Tuition center is an education place for students to learn

besides in school. The tuition center owner should put a big concern and high effort to study the marketing strategies and their facing challenges. Currently, many of education industries are undergoing dramatic transformations, driven by advances in technology, globalization, and changes in government policies and customers trends.

Last but not least, tuition center should take more concern regarding the strategies and challenges to help them sustain in the business profit organizations. Succeeding as a marketing manager in a service business requires them not only to understand key marketing concepts and tools, but also know how to use them effectively. Each of the 4 Ps has a role to play, but it's how well they tie them together that will make the specialty of delivering education services.

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