

CHAPTER I

INTRODUCTION

1.1 Background of Study

S&P Global Ratings, a verified risk analyzer and researcher that has been making credit ratings, growth analytics and models, for well over 125 countries (S&P Global Ratings), has released their annual report and has moved up Indonesia's credit rating to investment grade, from BBB- to BB+. Thus, this will attract investors from outside of Indonesia to open new businesses here in the country as the nation is verified to be able to bring great investment return, then years before. (<https://economics.stackexchange.com/questions/10713/why-do-higher-interest-rates-attract-foreign-investors>)

In addition, the country will also face the great exposure from outside the nation in the upcoming year as the government has agreed in supporting the Association of South East Asian Nations (ASEAN) Economic Community (AEC) which has been developed since 2007. According to Rimanews, AEC has a goal and objective to strengthen the economics of ASEAN members and also to narrow the gap between members by implementing free market trade such as one that has been done in the European Union (AEC 2025 Blueprint).

The president of Indonesia, Mr. Joko Widodo state that the nation will undergo a great exposure from overseas, however we should not be worried as the nation has prepared some programs and changes, such as eases out start-ups and also increasing the human capital quality, in order to be able to survive and be competitive when the AEC period arrives, as quoted by Rimanews (retrieved from, <http://archive.rimanews.com/ekonomi/read/20151230/253092/Ini-yang-Telah-Disiapkan-Presiden-Jokowi-Jelang-Pemberlakuan-MEA-2015>)

First, Indonesia eases *Kerangka Kualifikasi Nasional Indonesia (KKNI)* and also *Standar Kompetensi Kerja Nasional Indonesia (SKNNI)* which enables citizens to be able to set up new businesses and get into the working force easier than before. In order to create compatible human labor, the government also has created *Balai Latihan Kerja* which is created by the government to facilitate the

growth of the labor and also to create more work-ready forces in order to facilitate the demands from investors from overseas that seek for quality work force.

According to Central Bureau of Statistics' (CBS) census done in 2010, Indonesia today have approximately 261.1 million citizens and reportedly consist of 131.5 million working force, which shows that the number of working labor is increasing, compared to one they have collected back in 2016, where the working labor is around 124.5 million people. Thus, there is an increase of 3.89 million people in a year. Thus, this shows that the demand for human power in Indonesia is increasing over the year, rapidly. Cosseboom (2015) described Indonesia's demographic as 'juicy'. Why? More than half of the citizens in Indonesia are under the age of 50, which means they are technology-savvy. The middle-class consumer also dominates the market here which means Indonesia is a 'juicy' market for e-commerce businesses for local start-ups as well as foreign tech giants (Cosseboom, 2015). The nation also shows huge demand in modern products and services." Current hot verticals include automotive, real estate, fashion, lifestyle, financial, and on-demand services.", by Cosseboom, 2015. The nation shows a great opportunity for investors as the market is very promising, yet to set up a business here, the nation is also blessed with plenty of affordable human capital.

However, Hasoloan, based on the report he wrote for Organization for Economic Co-operation and Development (OECD), Indonesia's labor market has problems which the nation faces today, "limited employment opportunity, low quality of labor force, relatively high unemployment rate, globalization effect on employment, and lack of awareness regarding the application of industrial relations." (retrieved from, <http://www.oecd.org/fr/els/emp/37873500.pdf>). Indonesian have suffered with moderately high unemployment rate is because that the quality that the human capital is considerably low. Therefore, the government of Indonesia encourage self-development to their citizens so that demand for manpower is fulfilled, which can be beneficial for companies as well as workers.

As mentioned above, the central government has set up programs which people can enjoy in order to equip themselves with skills that is required in today's working environment which evolved rapidly over the technology and globalization. However, cannot educate all of its citizens singlehandedly. Thus, it encourages

higher education institutions to contribute more in the industrial sector (retrieved from, <http://www.kemenperin.go.id/artikel/15937/Pemerintah-Dorong-Kontribusi-Perguruan-Tinggi-bagi-Sektor-Industri>). The economy of the nation does not only depend on the availability of natural resources alone. Some developed and industrialized nations do not possess any natural resources; however, they are able to optimize the modern sciences, especially in the technical skill and other skills that enforces the advancement of the nation's industry, Airlangga Hartanto (2016) explains during his Oration on the press conference in *Institut Teknologi Bandung* (ITB). Airlangga (2016) also states that the synergy between the industry realm and the higher education will need to be forced so that vocational institutes are born which can help the nation to have quality human power and also surged the number of start-ups and small-medium enterprises (SMEs) as these are the vital pillar that need to be kept.

Looking closer to Surabaya, the city that has well above 3 million people living in Indonesia's second largest city. There are around 1.2 million people in total that is working in the city, according to CBS' research done in August 2014. Dick (2002) explains that Surabaya plays a bigger part in the economic sector before Jakarta are settled to be the capital city and sugar exports collapses in the 1930s. From his book, *Surabaya City of Work: A Socioeconomic History 1900-2000* (*Ohio RIS South East Asia Series*), Dick (2002) states that the city is "multifaceted view of a fascinating and complex city in the dimensions of time and space, economy and society, and the current transition toward decentralization makes it highly topical." This means that Surabaya is a metropolitan that plays a key part in Indonesia's economic growth in the future.

According to Ronald (2015), as the economy grows in a country, the market in education turning more competitive as the government will decrease its budget for education institutions and let them find funding on their own. In the long period, there are a lot of higher education institutions that offer more on the internal academic needs rather than the want and need of the students, whom is the main consumer. Deriving from Sharabi (2013), this is caused as the demand on higher education programs outnumbered the programs that are available. However, the program that is being offered to the market grows and diversify rapidly over the

past two decades which also means that the competition between each institution become narrower.

Surabaya as the second city plays an important role in the economic growth, especially the industrial sector, Dick (2002) explains. It is located at the east of Java island which become the heart of the eastern Indonesia and also the hub; connecting the cities, such as Makassar, Ambon and Jayapura, which are located far to the east. Nugroho (2013) said that Surabaya has a vital position in Indonesia's logistic way. In logistic term, Surabaya is considered as the local hub port for eastern Indonesia. This shows that the city has a vital role in building up the economy of the nation. With that being said, shows that there is a need in growing, developing and in the end, creating competent and high-quality manpower which has the correlation with Surabaya being the city that controls the economy of the nation. (retrieved from, <http://www.eastjava.com/tourism/surabaya/ina/about.html>)

The table below will show universities that are available in Surabaya, based on their accreditation and number of students that enrolled to the following universities. Each University has their own advantages and range of program to choose from. Accreditation is one of the factors that showcase the quality of the university, which was regulated and set by the National Accreditation Board of Higher Education. Accreditation that is collected will become the higher education's asset in order to compete in the stiff competition today in the educational industry. (retrieved from, <http://sevima.com/pentingnya-akreditasi-bagi-perguruan-tinggi/>)

In this study, we will be focusing objectively on Univeristas Pelita Harapan Surabaya (UPH Surabaya). UPH Surabaya was established back in 2007, which offers six undergraduate programs and two graduate programs. The advantage of UPH Surabaya over its competitors is that they offer shorter period of time for students to complete either undergraduate or graduate program over other universities, which only last for 3 and a half years. The university also offers the same characteristics and model that they have been successfully implement in Karawaci, which makes it their added value.

However, UPH Surabaya still struggles with the number of students that they enrolled over the years as the university is relatively small in comparison to its competitors in Surabaya, as shown in the Table below. This study is created, focusing UPH as the object, as the university will be able to use the study for their future marketing strategy and also this study is created as the writer has the access to do research and the university has agreed to be the object of the research. Thus, this will be useful for the university as they can be helped through this study in order to improve the number of student enrollment on the upcoming years and from the writer, this study can be used for him to implement theoretical and methodological values that has been received throughout the time in the university, from lectures, experiences and textbooks.

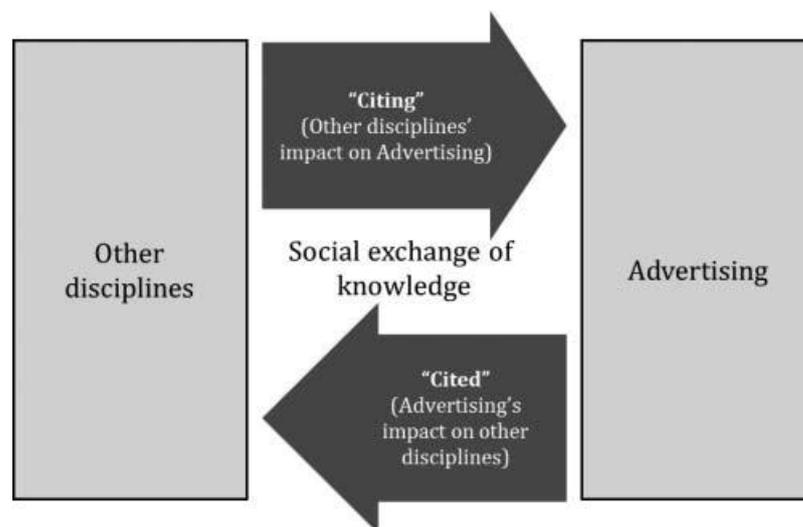
Table 1.1 List of Private Universities Located in Surabaya

Higher Education Institution	Accreditation	Number of Students
Universitas Surabaya	A	9,558
Universitas Wijaya Kusuma Surabaya	B	8,778
Universitas Kristen Petra	A	8,584
Universitas Hang Tuah	B	5,949
Universitas Katolik Widya Mandala Surabaya	A	5,842
Universitas Ciputra	B	3,803
Universitas Pelita Harapan Surabaya	C	740
Universitas Widya Kartika	C	716

Source: National Accreditation Board of Higher Education and PDDIKTI

One of the possible effort that can be used in order to increase the number of enrollment is through marketing efforts. “Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others”, by Kotler, 2006. One of the most popular alternative is through advertising which gives impact to others, however in making an advertising; an advertiser should and must consider and relate the unspoken rules and disciplines given by the public. The impact of both, advertising and the other disciplines will be showcased below on Figure 1.2.

According to Shervani and Fahey (1998), cited from Edeling, A and Fischer, M (2016), marketing assets such as brochures and other tools that is created in order to promote a good or service, can lead to boost and enhance cash flow that come at lower risk. We can see in the real world today that firms that has good reputation tend to put aside the expenditure for marketing department. This is so because firms are benefited from the faster trails of new products that they are offering to the public and marketing efforts also create premium pricing with higher perceived value of the offering. For the higher education institutions, marketing effort and creating brochures can help them to sell themselves to the public better as the marketing tool will help the institution to explain why they are in existence for the public and also the objective is to explain better about the advantages and the details of the programmed, which differ one institution to the other.



Picture 1.1 A social exchange model of knowledge diffusion between advertising and other disciplines (M. R. Nelson Et Al, 2017)

The parable given by Charles H Sandage (1998), cited in Nelson (2017), shown in Picture 1.1 advertising has been around for many years with the academic discipline since the early days. It is the child from the father, psychology and the mother, journalism. Advertising as a topic was first taught in a journalism course in the Wharton Business School in 1893, but advertising research began with a psychologist, cited from Ross and Richards (2008). Kokemuller (2018) explains his

theory on advertising the effects of advertising to a company that promotes themselves through advertising are: sales volume are increasing, increasing popularity over an area, create more desire towards the brand and also adds up value to the brand over the time (retrieved from, <http://smallbusiness.chron.com/effects-advertising-sales-volumes-22365.html>). Thus, by creating a good advertisement, it other than creating and boosting the number of sales, it also helps the company to get known also portray a good company image for years to come.

For industries that has high value and dependent to trust and relationship, usually marketer will strategize their marketing effort by focusing on the people that market the product. According to Adesoga (2016), personal selling is a non-digital marketing strategy that consumers and clients are persuaded to buy the goods and services that the marketing department offer to them. Personal selling fits best for higher education institutions, as the service offered is high in value in which people will consider, compare and contrast one institution with the other and the main topic in personal selling is building and maintaining customer relationship (Kotler and Armstrong, 2008). A marketing tool that we will be discover more in this study, limited to physical form tools, such as brochures, booklets and flyers that is used by the marketing department to explain about the product offered by the firm. In the higher education institutions perspective, the marketing tool will be looking at the programs that is being in offer to the potential students.

“The past decade has seen technological developments that have transformed markets and marketing, as both consumers and firms have new capabilities that were unimaginable even a few short years ago”, Keller (2016) explains about the new platform and the soil we have in the modern era. This means that services and goods that being offered to people can be in a lot of form today as there is a thing called internet that help marketer a brand-new alternative to share and persuade their target audience. Hence, creating a marketing tool that is important as the details and information and elements, such as theme, words used, and flow can be the same. The elements that are going to be perceived by the reader will be discussed in the next paragraph on how it will affect the perceived aesthetic by the readers of the marketing tool and how it will build the corporate image on the reader’s perspective. This is needed as it can create a vivid and clear message

as the style can be exceptionally differentiated between one design to the other and this will create a value added to the firm in the future.

Based on the theory triggered by Jack, et al, (2016), There are four different perceived qualities that can be created in order to create a good perceived aesthetic towards the reader/ user. They are perceived quality of unity, perceived quality of complexity, perceived quality of intensity and perceived quality of novelty. These four variables will be studied over this study to show on how the marketing tool should be designed in order to make a greater impact towards the potential customers.

Unity refers to the harmony in between elements of the design which each element agrees with each other. According to Bradley (2010), unity can be considered as one of the most important goal for designers when making a design. These are the principles to achieve unity design which are repetition, alignment, proximity to add visual unity to your design and use contrast to add variety and interest. It is important for a design as it helps for a design to be able to project effectively the message that they are meant to project, both visually and conceptually. Thus, there are three main functions of having a united design, they are a) holds design both visually and conceptually, b) adds to a design order, c) unity and variety can work together (Bradley,2010).

Complexity describes the amount of information and differences pieces of information that can be found within an aesthetic object. In the context of designing marketing tool for higher education, it consists of the physical interface, variety of graphs and pictures that are included in the booklet/ brochure (Jack, et al, 2016). The other variable is discussing on the intensity of a design, which according to the same source, intensity in the design realm means the force and the vigorousness of what Beardsley calls human regional qualities of artwork. Such elements and qualities can be also translated as the design's expressiveness. Wolterstroff (1980) stated that it is important in a design as it avoid the readers and viewers from "aesthetic baldness".

Novelty is the last variable in the study; it means a good design should give fresh ideas which is different from others. Originality of the design and the quality of being new from others will get the reader's attention in the design that I provided.

There are some properties that designers can considerate in order to be different from the existing designs for higher education brochures, such as color used, the layout and the theme that is being presented to the readers.

According to Walsall (2014), brochures is one of the traditional and very integral marketing tools. It does not only captivate attention from the readers, but a good and well-designed brochure able to deliver specific and detailed information about the service and goods that is sold by the corporate. This is also one of the most effective and cost-saving alternative than the similar printed-platform which is by advertising on the magazines and newspapers. The other advantage of brochure is that advertiser can focus fully on the products without having to worry for limited space that is provided as they can always add another page in a brochure. Walsall (2014) believes that the key in order to make well and effective brochure is to “make the content both interesting and informative, supporting it with appropriate images, and including a call to action.”

UPH Surabaya as our main object in this study, has previously created a marketing tool in a form of brochure and booklets that is being distributed during education fair all around Surabaya. The study conducted will dissect on how we can create and build greater impact to the reader through marketing tool that is going to be created.

This study will review on what are the errors that is being implemented to UPH's previous marketing tool as shown above. The study will conduct a survey in which will get participants to give their preferred higher education institution marketing tool on how it should look and how it will effectively affect the readers who interact with the brochure. At the end of this study, we will get the end-product on what a good marketing tool should look like based on the survey that will be conducted.

THROUGH QUALITY HOLISTIC CHRISTIAN EDUCATION

DISCOVER YOUR CALLING

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MESSAGE FROM THE RECTOR

Located in the South Gate of Surabaya, one of the most prestigious region in Surabaya and close to Juanda International Airport, make UPH Surabaya easier to reach.

Prof. Adrians Mooy M.Sc., Ph.D.
Rector of UPH Surabaya

Dear Prospective Students,

From a visionary beginning in 1994, Universitas Pelita Harapan is now moving on to new heights as a Global Campus, with International Programs and e-learning systems supported by a Digital Smart-Campus.

While consistently underlining the vision of "knowledge, faith, and character", UPH in cooperation with overseas partner universities, has developed a very rich curriculum in many areas of study, ensuring that it's graduates will be respected globally and appreciated by modern business and industries. In short, UPH is committed to provide excellent education and learning, supported by world-class facilities, technology, and infrastructure.

UPH graduates have been well received by other universities and major corporations both in Indonesia and in other countries. UPH is proud of the fact that many of it's graduates have chosen to become entrepreneurs, establishing their own business or professional services. UPH dreams high, and welcomes everyone who aspires the best. I welcome you to UPH Surabaya, one of the global campus in Indonesia where learning is fun and an excellent education is open to you.

UPH SURABAYA

Surabaya Carnival Park

Picture 1.2 A preview of UPH Surabaya marketing tool.

From Picture 1.2, we can see a glimpse of UPH's marketing tool in which it shows a title on the marketing tool. It also creates the generic stuff that most of higher education institutions have had on their marketing tool. In this study, we will be dissecting on how to upgrade and revamp this existing marketing tool of UPH Surabaya.

1.2 Research Problems

1. What is the most important indicator of Perceived Quality of Unity on the Perceived Marketing Tool Aesthetics in Higher Education Institutions' Brochure?
2. What is the most important indicator of Perceived Quality of Complexity on the Perceived Marketing Tool Aesthetics in Higher Education Institutions' Brochure?
3. What is the most important indicator of Perceived Quality of Intensity on the Perceived Marketing Tool Aesthetics in Higher Education Institutions' Brochure?
4. What is the most important indicator of Perceived Quality of Novelty on the Perceived Marketing Tool Aesthetics in Higher Education Institutions' Brochure?

1.3 Research Objectives

1. To examine the most important indicator of Perceived Quality of Unity.
2. To examine the most important indicator of Perceived Quality of Complexity.
3. To examine the most important indicator of Perceived Quality of Intensity.
4. To examine the most important indicator of Perceived Quality of Novelty.

1.4 Research Contribution

1. For academic institution, especially higher education institutions, to broaden their knowledge in the retail industries
2. To provide the latest trend of marketing and design which enable higher education institutions to refer before designing their marketing tool.
3. For current and future research, to help get better understanding on effects can be made through design
4. To be able to apply theoretical knowledge gained from lectures and textbooks into good use.

1.5 Research Limitations

The variables used in the study is few; they are perceived quality which then categorized into four different variables which are unity, complexity, intensity and novelty. These independent variables will then deter whether it lead significantly to the dependent variables which are perceived marketing tool aesthetics, and whether the perceived marketing tool aesthetics can convey a significant effect to corporate image. The research is done between January – September 2018, in Surabaya, and targeting senior-year high school students and their parents.

1.6 Research Outline

Research outline is written to explain the systematic writing of this study. The study will compose of five (5) chapters as follows:

Chapter I - Introduction

This chapter will give the background information about the problem that this study covers. This will include previous studies and defining important terms that will be used throughout the study. It will also specify the research objectives discussed in greater detail to be able to contribute for future research.

Chapter II - Literature Review

This chapter will describe the methods being used while performing the experiment. It will summarize all major findings that has been published to public and then will show on how this study can contribute for the future. Description of theories will be described on why it is applicable for the current research, an explanation why it is relevant, and how the modelling effort address the hypothesis to be tested.

Chapter III- Research Methods

This chapter will showcase and discuss the detailed scientific and technical activities done to accomplish the current study. This will include the research

design, sampling plan, instruments being used, statistical tools and treatment of the data collected.

Chapter IV- Data Analysis and Discussion

This chapter provide organized logical presentation of all the findings that have been collected in the research questions and scrutinize more on how these key findings can be related back to the theory and prior researches that is presented in the beginning of the study.

Chapter V - Conclusion

This chapter provides the summary of the whole study, implications on how the study can be related back in real life, conclusion and recommendations that is created to advance the study of the research topics theoretically, methodologically and substantive contributions that may be necessary to overcome the limitations of existing empirical facts.