

MARKETING STRATEGY FOR NEW VENTURE IN INFORMATION TECHNOLOGY EDUCATION (ONLINE TUTORIAL - TUTON)

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Abstract—Indonesia has a rapid development in Information Technology (IT) as well as the public interest to learn it. However, to find qualified employee in IT is difficult, they often lack proper education in IT background. IT education is not only need quality, but also follow current trends. Some negative opinions always appear in description of online education. First, Indonesian online tutorial customer had always assumed that what is available on the internet is free. Second, it is hard to get customer interest without quality customer expected. Third, the customers who will be interested of online education are university students that lack of fund. Further analysis needed in order to find the root cause of these problems. The root cause analysis used SWOT analysis that employ PEST Factor Analysis, Porter's 5 Forces Analysis and Concept Testing result. The root cause analysis concludes that the TUTON product as online education is not strong enough to face the market. It needs new research and analysis of marketing mix. The objectives of TUTON based on the root causes are developing competitive products and promoting paid tutorial. Marketing strategies are needed to achieve these objectives. The strategies are explained with 4Ps Marketing Mix and Porter's Generic Competitive Strategies. TUTON main marketing strategies points are make tutorial with video media (Product), focus on tutorial making (Product), consider a new distribution place (Place, Pricing), the website hosting size will be reduced (Place, Pricing), and use YouTube as promotion media (Promotion) and the differentiation strategy is use video as tutorial media. Reduced website hosting size strategy had been implemented to TUTON. Other strategies implementation will be done in this year from May 2013 to January 2014. If all the marketing strategies implemented are going well within budget and time allocation, TUTON will achieve the objectives.

1. Introduction

Indonesia has a rapid development in Information Technology (IT) as well as the public interest to learn it. It can be felt by the increasing number of user and software developers including application, game, and mobile developers. However, these developments are not in line with the skills of its workforce. Finding qualified employee in IT is difficult, they often lack proper education in IT background. Also IT education is not only need quality, it need to follow current trends such as Android and simple design by Apple. Based on observation in one of private institution, IT education lack in quality because resource language (mainly use English textbook), curriculum, and teacher.

TUTON, tutorial online, is a community-based effort that seeks to answer the problems. TUTON products inspired by some of great tutorials sites in the world including tutplus.com and lynda.com that employ great professional writers across the world. The major advantage and difference of TUTON than the other sites are the local language and tutor. Some negative opinions always appear in description of TUTON. First, Indonesian online tutorial reader had always assumed that what is available on the internet is free. Second, online tutorials are very much seen through the medium of

a personal website with a variety of quality and provided free of charge. Third, the readers who will be interested of TUTON are university students that lack of fund.

Research and Development project is a way to ensure business success. In this research, TUTON will conduct concept and development testing, a phase when customer use product and gives feedback. This phase objectives will focus on develop product and offers that interesting for customer and tutorial makers. This final project title will be Marketing Strategy for New Venture in Information Technology Education (Tutorial Online - TUTON).

2. Business Issue Exploration

A. Conceptual Framework

Strategic Management cycle employed, from environmental scanning through strategy implementation, the author came up with conceptual framework (See Figure 1) in order to analyze the root causes and to find the solutions.

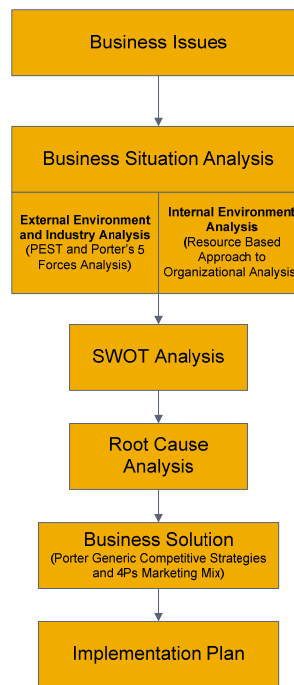


Figure 1. Conceptual Framework

This research starts with business situation analysis using environmental scanning. Environmental scanning is used to gather information of the external environment, internal environment, and industry. The tools are PEST to analyze the external environment, Porter's Five Forces to analyze the business industry, and resource based approach to analyze the internal environment. This analysis data consist of current market data and concept testing: a survey to measure the dimensions of consumer acceptance of the product. The next stage is classifying environmental scanning results into SWOT (Strength, Weakness, Opportunity, and Threat). It is expected that the root causes of the problem will be founded in this stage. The right business solutions also can be found using the strategic formulation phase that employs Porter Generic Competitive Strategies and 4Ps of Marketing Mix. The final stage will be strategy implementation, putting the strategies into action with actions and budgets.

B. Current Business Situation

TUTON established in April 24, 2012. In one year running, TUTON struggle to find potential tutorial writer as the key to run the companies and to implement the business process. In the past first year, TUTON focus is to be known by the customer. Unfortunately this promotion plan failed because the production problem. SWOT analysis (See Table 1) created to understand more about TUTON, the environment, and the industry.

Table 1. SWOT Analysis

Weaknesses
<ol style="list-style-type: none"> 1. Research not enough. There is no curriculum and media type to present tutorial. As mention before, only two people in TUTON current employee. Finance not good because there is no cash in. This condition is expected, as first prediction of cash will be after one year of TUTON run. 2. TUTON early plan was to make tutorial with the support learning system. After further research, it is hard to build support learning system from scratch and current available of similar system was not good enough because complex feature and lack of documentation (for example Moodle). Time to make tutorial quite long, only one tutorial per week without a good curriculum as foundation. TUTON do not have outside writer so all the planning come from member. 3. Place using current website (www.tuton.web.id) only is not enough. Furthermore, it is hard to find the right customer with no promotion. According to survey result (See user preferences section and Perceived Value and Purchased Intention section in Appendix A), current product is not good enough. In Figure 2.7, only 64 % of respondent expect TUTON have gave a good tutorial. 4. Limited human resources, only two people in TUTON current employee.
Strengths
As for the product, 68% respondent expects video as the easiest media to learn design and programming. Surprisingly for pricing, 61% expect to pay 5000-20000 rupiah to see tutorial and 64% willing to buy TUTON product.
Threats
<ol style="list-style-type: none"> 1. Bargaining power of buyer is high. 2. Online education substitute level is high. 3. Universities offer free non credit online courses.
Opportunities
<ol style="list-style-type: none"> 1. Part of Undang-Undang RI no. 12 Tahun 2012 (Article 62-65) gives autonomy to higher education in academic and non academic including fund management. It makes education for higher education increased. 2. Threat of new entrants for online education industry level is medium 3. Currently there is none head to head firm to TUTON in Indonesia that provide Design and Programming topics. So the level of rivalry is low. 4. Mobile internet using mobile phone and notebook drastically increased (DigitalKreatif, Industri Internet, 2013). This shows that Indonesia's internet users are dynamics with the emerging social network cultural trends as well as lifestyle such as instant messaging and games. 5. Undang – Undang Republik Indonesia no.11 Tahun 2008, UU ITE, intended to accommodate the needs of business people on the internet and the general public to obtain legal certainty in the conduct of electronic transactions.

C. Root Causes Analysis

Based on the PEST, Porter's 5 Forces, Organizational, and SWOT analysis before, the author can formulate that the causes of business issues faced by TUTON contained in the following:

1. Product

Current research is not enough. Picture and text as the current tutorial type is not good and there is no curriculum. As mention before, only two people in TUTON current employee. Finance not good because there is no cash in. This condition is expected, as first prediction of cash will be after one year of TUTON run. Furthermore, bargaining power of buyer is high. Buyers have their own standard about a good online tutorial according to survey results. TUTON early plan was to make tutorial with the support learning system. After further research, it is hard to build support learning system from scratch and current available of similar system was not good enough because complex feature and lack of documentation (for example Moodle). Time needed to make tutorial quite long, only one tutorial per week without a good curriculum as foundation. TUTON do not have outside writer so all the planning come from member.

2. Place

Place using current website (www.tuton.web.id) only is not enough. Furthermore, it is hard to find the right customer with no promotion. According to survey result (See user preferences section and Perceived Value and Purchased Intention section in Appendix A), current product is not good enough. In Figure 2.7, only 64 % of respondent expect TUTON have gave a good tutorial.

3. Price

Surprisingly for pricing, 61% expect to pay 5000 - 20000 rupiah to see tutorials and 64% willing to buy TUTON product. Although it is a good sign that there are buyers who did not expect all tutorial are free, current pricing model using subscription is bad because the price difference between previous plan and buyer expectation.

4. Promotion

There is no promotional activity for TUTON. In addition to its uncertain factors of price and product, TUTON also do not have adequate resources for this activity.

After seeing those causes, the author concluded that the root cause is **the product not strong enough to face the market**. It needs new research and analysis of marketing mix.

3. Business Solutions

The root cause is the product not strong enough to face the market. It need new research and analysis of marketing mix. There are five causes of the problems which are: bargaining power of buyer is high, the product research was not enough, limited human resources, current place is not enough to promote the product, and pricing structure did not accomodate current cost.

The business solutions will cover Marketing Strategies, from objectives declaration, evaluation Market Segmentation, and Marketing Mix using 4Ps and Porter Generic Competitive Strategies to find the competitive advantage.

Marketing Strategies

Establishment of a marketing strategy consists of three stages:

1. Objectives

The objectives of TUTON based on the root cause are developing competitive products and promoting paid tutorial. TUTON need competitive products in order to appeal customer and writer. Although 61% expect to pay 5000 - 20000 rupiah to see tutorials and 64% willing to buy TUTON product (See Figure 2.11), promoting paid tutorial certainly bring more people to understand the quality of paid tutorial.

2. Market Segmentation

TUTON current target market is university students, 18 - 25 years old. TUTON will also more focus to students who struggle to understand the foreign language tutorials so it will use Bahasa in tutorial. TUTON positioning is to be known as a high quality tutorial in Design and Programming.

3. Marketing Mix

Product

Following the concept testing result in Figure 2, customer always have in mind that video is the easiest media to learn. This is the hardest part because not everybody has the skill to make video tutorial. In addition, TUTON vision is to be Indonesia latest tutorial website in developing customer skill. Furthermore, website that support videos need a bigger hosting size that will leads to extra cost. Current TUTON financial can not support this. So in order to overcome this problem, the easiest solution is to focus on tutorial making, not the tutorial delivery. This will bring changes in place component.

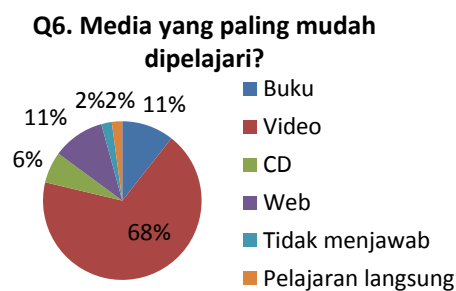


Figure 2 Survey Result: Easiest Media Type to Learn Design and Programming

Tutorial content technically will also be affected. As TUTON vision is making a website tutorial, the video must be short enough to facilitate customer with poor bandwidth.

Q11. Apa motivasi belajar anda?

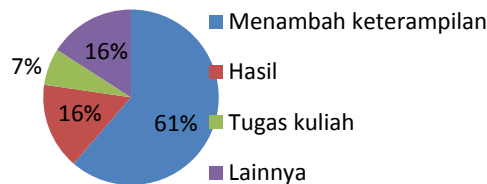


Figure 3. Survey Result: Learning Motivation

TUTON topics tutorial should be made to improve student skill, because according to Figure 3 61% of respondent learn a topic in order to improve their skill. Two possible options in curriculum planning are used the existing curriculum (imitate from university curriculum) and making new curriculum. Extended version of existing curriculum would be more appealing based on the result that they want to improve their skill.

Place

TUTON only have a website www.tuton.web.id with hosting limited to 3 GB. As video become customer demand (Figure 2), previous hosting will not adequate. To reduce the cost in the research and development phase, the website hosting size need to be reduced to 100 MB. The website will only be used to promote tutorial, not to download in the mean time.

New distribution places also come in consideration for example Telkom Store (see Figure 4) for paid tutorials and YouTube for free tutorials and promotion. With the new distribution place, TUTON do not have to pay cost for hosting, payment service and able to promote with Telkom Store. Although current traffic of Telkom Store is not good enough (tested with <http://www.alexa.com/siteinfo/telkomstore.com>) because they not yet promote widely their website, it is can be seen as future investment. The best part of Telkom Store is the payment service. Telkom Store buyers can user their prepaid credits to pay the content. It is the real convenience in Indonesia online transaction.



Figure 4 www.telkomstore.com

Price

Respondent willing to pay for TUTON website tutorial (text based) 5000-20000 rupiah for a month subscribing. The objectives of TUTON current year will be develop product through research that satisfied customer standard so subscribing method will not be used.

Telkom Store content price, as new distribution place consideration, ranged from 500 to 5000 rupiah per downloaded. Revenue sharing between Telkom Store and partner will be 30% to 70% from selling price.

Promotion

The approach that can go along with current objectives is soft sell, an advertisement or campaign that uses a more subtle, casual, or friendly sales message. Apparently social networks like Facebook, Twitter, and YouTube are the best tools to use. YouTube are the social network that less use than Facebook and Twitter for promotion. It is not unpopular for the user, but promotion in YouTube needed video as the main content which is the best for TUTON. TUTON can upload free tutorial weekly in YouTube and link it to TUTON Telkom Store account. Although there will a lot of preparation needed to make this promotion appealing, the start cost needed is minimum cost. The objectives of promoting paid tutorial fulfilled with this.

TUTON only have a website www.tuton.web.id with hosting that reduced to 100 MB to suppress cost. So the website will only be used to promote tutorial, not to provide downloadable tutorial in the mean time. The YouTube and TelkomStore account will be provided a link to this website.

The main contents in TUTON website will be tutorial updates in accounts, venture profile, and another small projects source to share with the customer. Others aspect that needed further promotion research are how to increase the website traffics and visitors.

Porter's Generic Competitive Strategies

Michael Porter proposes two generic competitive strategies for outperforming other corporations in a particular industry (Porter, 1990):

1. Lower cost strategy is the ability of a company or a business unit to design, produce, and market a comparable product more efficiently than its competitors.
2. Differentiation strategy is the ability of a company to provide unique and superior value to the buyer in terms of product quality, special features, or after-sale service.

Porter further proposes that a firm's competitive advantage in an industry is determined by its competitive scope. Competitive scope is the breadth of the company's or business unit's target market. The Porter's Generic Competitive Strategies with competitive scope depicted in Figure 5.

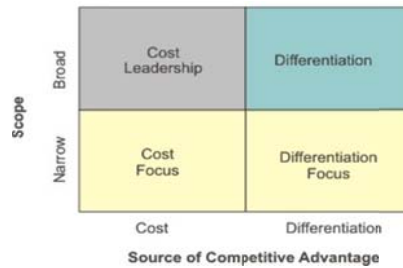


Figure 5. Porter's Generic Competitive Strategies (Porter, 1990)

Based on four of the Porter's Generic Competitive Strategies above, the most suitable with SWOT analysis result is Differentiation strategy. Differentiation strategy aimed at the broad mass market and involves the creation of a product or service that is perceived throughout its industry as unique (Wheelen, 2013). Because bargaining power of TUTON buyer is high, it is best to choose this strategy. Broad scope selected because the second objective of TUTON is promoting paid tutorial that will target broader market.

TUTON can do a lot in seeking quality leadership because currently there is no head to head competitor. But as the concept testing goes, it is best to develop the strategies around the customer quality standards. Video as media tutorial will be TUTON differentiation strategy. It is easier to understand according to concept testing result and unique in Indonesia's online education.

4. Implementation Plan

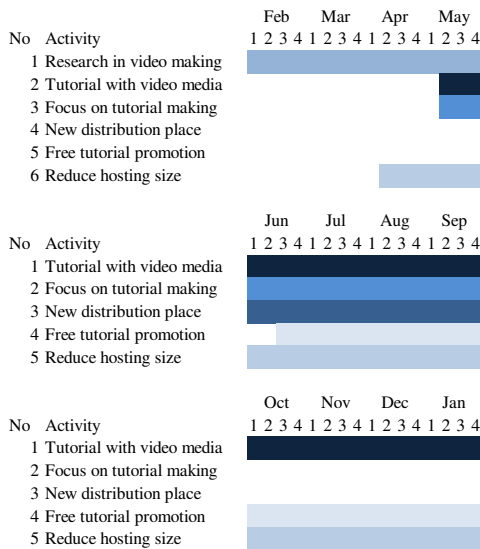
The objectives of TUTON based on the root causes are developing competitive products and promoting paid tutorial. TUTON need competitive products in order to appeal customer and writer. Although 61% expect to pay 5000 - 20000 rupiah to see tutorials and 64% willing to buy TUTON product, promoting paid tutorial certainly bring more people to understand the quality of paid tutorial. The main strategies points for TUTON according to marketing mix analysis and differentiation strategy in business solution will be:

1. The website hosting size reduced to 100 Mb. Website will only be used to promote tutorial, not to download in the mean time.
2. Only make tutorial with video media, It is easier to understand according to concept testing result and unique in Indonesia's online education.
3. Focus on tutorial making, not the tutorial delivery
4. Consider a new distribution place for example www.telkomstore.com for paid tutorials and www.youtube.com for free tutorials and promotion. With the new distribution place, TUTON do not have to pay cost for hosting, payment service and able to promote with Telkom Store. Telkom Store content price, as new distribution place consideration, ranged from 500 to 5000 rupiah per downloaded. Revenue sharing between Telkom Store and partner will be 30% to 70% from selling price. Current pricing will be in that range.
5. Promotion will use social networks especially www.youtube.com. TUTON will upload free tutorial weekly in YouTube and link it to TUTON Telkom Store.com account.

Detail of TUTON time allocation is in Table 2. Reduce hosting size strategy already implemented in April 24th, 2013. As for the research in video making, still in progress until this last May. Tutorial with video media will be made from second week of May until last week of June 2013. The new distribution place will be established in June 2013.

The tutorials will be released as the new distribution place established. The plan to established new distribution place is in first week of June 2013 until fourth week of June 2013. The red part at first week of July will be the new distribution place launching.

Table 2. Time Allocation of TUTON Implementation Plan



The promotion takes a bit backed in third week of June 2013 because TUTON need to decide the difference aspects between paid and free tutorials. TUTON website improvements also take time in June 2013 with one month estimation. The website developed with CMS and only need personal touch in the website design.

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