SEGMENTATION MAP, CONSUMER PREFERENCE, AND PRICE DETERMINATION APPROPRIATE FOR WEDDING ORGANIZER BUSINESS IN JAKARTA

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ABSTRACT

This research was aimed to validate segmentation from previous research, determining consumer preference and pricing perception based on preferences selected by the Wedding Organizer (WO) consumer in each validated segment to reach consumer satisfaction. This research was a quantitative descriptive research by using probability sampling with 100 total respondents. The used analytical models, were differences in accordance to each problem studied, those were: (1) segmentation was analyzed by cluster analysis and cross tabulation and, (2) consumer preference, as well as pricing perception, were analyzed by cross tabulation. This research produces three segmentations of wedding organizer users and their appropriate product and service preference, including price perception from each of the consumers. In terms of fair price, each segment has their own perception. Smart couple prefers standard portfolio in product and office performance, employee quality and service contract in service, priced in 65 Mio – 125 Mio. Uncle Scrooge prefer catering, rundown management and makeup & wardrobe in product and employee quality in service, all in the price range of 65 Mio – 125 Mio. Familiar face couple has catering in product preference and consultant allocation in service preference, all in the price range of 65 Mio – 125 Mio.

Keywords: behavioral segmentation, demographic segmentation, consumer preference, pricing perception, wedding organizer

INTRODUCTION

Wedding for most people is a special moment. Often, they become irrational when it comes to preparing for a wedding, such as willing to spend much money to spend on the wedding. The wedding industry has become an opportunity to create a wedding planner business or better currently known as a wedding organizer. Wedding organizer business is a potential business according to Mansur (2016). He has stated that the future bride and groom want to make their wedding as an unforgettable moment. Moreover, according to Melati (2015), the article has said that the wedding organizer becomes a solution for prospective couples in preparing for her marriage. Sitorus (2016) has said that currently, the wedding organizer industry has an excellent opportunity to develop and many businesses men want to try their luck in conducting this business. Entrepreneurs see that marriage can be taken as a business area that can be developed into a lucrative and promising business field. As for this reason, many serious business players have decided to plunge into wedding organizer business.

Cravens and Piercy (2013) have said segmentation is an important marketing tool in developing a marketing strategy. Through segmentation, a company will be able to determine the company's target, positioning, and competitive advantage. In this case, the wedding organizer industry in Indonesia has not had any clear segmentation, yet. As a service provider for high involvement product category, every customer will demand the service in accordance with what they need.

Meanwhile, consumers have different characteristics, which will make some difference perception of the service they want (Myers, 1996). When an industry does not have a clear customer segmentation, they will not have clear guidance about what kind of service expected by consumers with different characteristics (Alhassan & Sakara, 2014).

According to Etzel, Bruce, and Stanton (2001), the central focus of the concept of market segmentation is based on the issue of identifying and clustering heterogeneous consumers into a group of one or more meaningful, viable, and accessible homogeneous consumers. Middleton and Clarke (2008) have stated that the more an organization knows about its customers, including their prospective, needs, and desires, the better marketing strategy that will be designed and implemented, resulted in the better marketing efforts to stimulate their consumer purchasing decisions. Srihadi et al. (2016) also argue that market segmentation aims to meet the needs of subgroups, protect the firm's offerings from the competition on price, and improve the customer loyalty and company returns.

According to Tjiptono and Chandra (2005), consumer pricing factor can be one of the things taken into consideration in purchasing the product. In deciding the purchase of a product, the majority of consumers are influenced by price factors in addition to other factors that will also influence their decision to make purchases such as brand image, store location, service, value, product features, and product quality. Value-based segmentation has its origin in customer segmentation, which has been widely used in the marketing area because it plays an important role in developing effective marketing strategies (Cermak, File, & Prince, 1994).

In terms of segmentation, some factors serve as the foundation, one of which is based on what is considered valuable by a consumer who is referred to as value-based segmentation. Value-based segmentation is a method used to divide customers into subgroups based on specific values that customers seek in the products/services (Kotler & Amstrong, 2012). Value-based segmentation aids in the planning of marketing strategies by making it easier to address the needs of particular value segments, finding a niche market that allows a new company or new product to target less competitive market areas, and making more efficient and effective use of marketing resources by focusing on segments (Kotler, Bowen & Makens, 2005). This statement is also clearly supported by Musyoka et al. (2007). Therefore, if value-based segmentation is not handled correctly, marketing efforts may be less effective and less profitable.

In every process of marketing strategy development including the decision-making in it, customer value plays a very important role. This statement is also supported Suki (2013) who says that customer value is the main foundation in a marketing process, he also refers to perceived as a consumer's overall assessment of a product or service based on the perception of what is received (benefits) and what is given (costs incurred). According to Sweeney and Soutar (2001), they have identified four distinct consumer value dimensions (social, emotional, quality/performance, and price/value for money) that significantly drive purchase attitude and behavior. In addition, besides the four dimensions, product features are also the value for a consumer. Product features are related to the attributes of a product that helps to meet the satisfaction level of consumers' needs and wants through owning the product, use, and utilization of the product (Kotler & Amstrong, 2012).

In the aspect of product price, which is the amount of money expected or given in payment for a product, according to Swani and Yoo (2010), if it is associated with a featured product and willingness to pay from the consumer side, it can be said that the consumer will have the desire to pay some money to buy a product or service, when they feel the benefits of using the product, and also feel satisfied with the product (Suki, 2013). Furthermore, they support the expectation that if the consumers perceive a product to be valuable, they will be more willing to buy the product at a premium price. So, to determine the target for the wedding organizer market, setting the price in accordance with the wishes of customers is also an important thing to be done by the company. Because wedding organizer is a product with high involvement category, where consumers will spend

a great sacrifice to get it, so they will also expect products/service in accordance with the sacrifices they have to spend.

Consumer preferences for products and services vary by segmentation; consumer analysis needs to be performed as a foundation in the determination of segmentation strategy so that real consumers can be served more in-depth and focus service, which will impact to the creation of optimal satisfaction. So it can be concluded that each of the market segmentation of wedding organizer must have its own perception about the price that they willingly spend on its service. Each segment also has its own preferences related to the products or services of a wedding organizer. If the match between segmentation with product and service preferences and prices can be fulfilled, then the customer satisfaction of a wedding organizer can be reached maximally. Perceived values are important criteria that are employed by a person in making preference judgment and guide the consumers' choice (Butler et al., 2016), especially because the wedding organizer is a high involvement product category.

The absence of segmentation, especially customer segmentation in the wedding organizer industry in Indonesia, causes an unclear picture of its users. It has been known clearly that wedding organizer users are individuals with different characteristics. In terms of wedding packages, wedding organizer in Indonesia tends to tailor-make them based on each customer's own perception and judgment on the needs that may arise in the process of marriage. This is the research objective of this research to describe the consumer segmentation based on product and service preference as well as the price for the respected package.

From this research, the companies and consumers will get the benefits, namely: (1) For owners of wedding organizer will be able to target consumers exactly, knowing the characteristics of each segmentation so that wedding organizer can provide the right service to each segmentation. (2) For consumers, they will get an insight about how much the price is reasonable for services wedding organizer, and what products and services they will get with the price they pay it. Thus, the asymmetric information that occurs between the owner of the wedding organizer and the consumer is no longer happening, and the business process can run better.

METHODS

This research is a quantitative descriptive research. With the number of unknown population, sample size calculation is done with con. Because the number of population is not known with certainty, therefore the number of samples is calculated using the sampling technique with the unknown population (Widiyanto, 2008) with determination $\alpha = 5\%$, with the following results:

$n = Z^2/ (4. \mu^2)$
$n = 1,96 / (4.0,05^2)$
$n = 196 \approx 200$ respondents
whereas : n = sample size
Z = sample confidence level required in the research, at $\alpha = 5\%$ (the degree of confidence determined 95%) then Z = 1,96
μ = sampling error, tolerable error rate (determined 5%)

Cluster analysis is used to form behavioral segmentation; meanwhile, the cross-tabulation analysis is used to perform demographic segmentation analysis and to look for suitability between segmentation that has been formed with consumer preference to expected products and services as well as the perception of price according to the perception of the respondent. Table 1 shows the design of this research.

Table 1 Research Design

Research Objective	Research Method	Type of Research	Type of Data	Sampling Technique	Unit Analysis	Time Horizon	Data Analysis
RQ1: Determine Segmentation	Case Study & Survey	Descriptive	Quantitative	Simple Random Sampling	Individuals in the Marital Age in Jakarta	Cross Sectional	Cluster Analysis & Cross Tabulation
RQ2: Determine Consumer Preferences towards Products & Services	Case Study & Survey	Descriptive	Quantitative	Simple Random Sampling	Individuals in the Marital Age in Jakarta	Cross Sectional	Factor Analysis & Cross Tablulation
RQ3: Determine Price Perception	Case Study & Survey	Descriptive	Quantitative	Simple Random Sampling	Individuals in the Marital Age in Jakarta	Cross Sectional	Cross Tabulation

RESULTS AND DISCUSSIONS

Cluster analysis is used to form behavioral segmentation; meanwhile, the cross-tabulation analysis is used to perform demographic segmentation analysis and to look for suitability between segmentation that has been formed with consumer preference to expected products and services as well as the perception of price according to the perception of the respondent. Table 2 shows the distance cluster.

Table 2 Distance Cluster

Distances between Final *Cluster* Centers			
Cluster	1	2	3
1		3,147	3,562
2	3,147		6,109
3	3,562	6,109	

Table 3 shows the characteristics of each cluster. Based on the numbers on each cluster. Table 3 shows that suiting cluster 1 weddings, in general, are quite high. In addition, they also have some description of their related wedding. Because they have some ideas, then it is natural when they need the service is higher than the wedding organizer. They want a high consistency of the contract from the wedding organizer, but they also include customers who are also very consistent against the agreed contract. Regarding the addition of the price that sometimes is added by the wedding organizer, it is not a problem as long as it is so meaningful to this segment. This segment has not used the services of a wedding organizer before. However, this segment is very trust with suggestions from their families or relatives on choosing wedding organizer. The most important thing on this segment is their family will easily recommend a wedding organizer that has been used by other people. In the subject of price, segment 1 has a lack of understanding of the price range of a wedding organizer. However, in essence, they learn the price among wedding organizer whom they know. In addition, segment 1 will be quite willing to use a prominent wedding organizer after they know the price offered by them. According to price offered by majority of wedding organizer it does not correspond to their expectations. Although like that, the quality of a wedding organizer in Blitar is considered to be good.

Table 3 Final Cluster Centers

Final Cluster Centers			
	Cluster		
	1	2	3
Knowledge	3,10	2,36	3,76
Level_Imagination	3,01	2,49	3,60
Reference	3,02	2,35	3,66
Service	3,27	2,26	3,58
Intensity_meeting	3,26	2,38	3,65
Corporate_assistancce	3,20	2,28	3,60
WO_Contract_consistency	3,55	2,62	3,76
Client_Contract_consistency	2,21	2,23	3,02
Budget_sensitivity	2,57	2,16	3,68
Loyal_Customer	1,45	1,53	3,25
Advocacy	3,20	2,41	3,84
Customer_reference_experience	3,29	2,53	3,79
Price_product	2,30	1,78	3,72
Price_diversity	3,16	2,51	3,66
Intention	2,93	2,25	3,75
Suitability	2,79	2,26	3,65
Quality_perception	3,04	2,32	3,69

The next analysis concerns with segment 2. They are people who do not know about the details of a wedding. In fact, they still do not have any description about marriage that might be done. It also occurs on other indicators. They do not require the intensity of the meeting with the wedding organizer or wedding organizer personnel assistance in person. In terms of the deal, this segment also has less attention to it. They are also not included customers who want to recommend or to hear the recommendations of others. Related to price issue they do not find out anything to bargained prices right a Wedding Organizer. Moreover, for the other indicators, they do not even have a need to use the wedding organizer after they know the price.

The latter is the segmentation of segment 3, it based on the results obtained by the cluster, the three digits segmentation is most high on every charge indicators. They are located on this segment knowing the whole detail of a wedding. Up to marriage, however, they have had an idea. This segment takes the high-intensity meeting with wedding party organizer to explores the details of the wedding that customers want. The assistance of personnel from private wedding organizer is needed to take them to facilitate coordination. They argue that the contract with the wedding organizer cannot be changed haphazardly from either party. However, they are quite fickle clients because they have a tendency to change the contract agreement. In addition to the contract, this segment is so sensitive to changes or additions which might be given the price of the wedding organizer. They are the segments that are familiar with the wedding organizer, so they definitely want to recommend or recommended by family or their close relatives. Not only is the concept of their marriage, to the question of the price of wedding organizers yet not familiar to them. They have a wide variety of reference price Wedding Organizer, and they tend to compare before making a decision of purchase of services or products that they think have a price matching from the Wedding Organizer. This segment of the opinion, in general, the wedding organizer in Blitar has a good quality. The behavior is also an important thing in this segment that they take the decision after finding out the price offered by a wedding organizer.

CONCLUSIONS

The products and services preference of each wedding organizer consumer segmentations in Jakarta. It also contains some good insights from each wedding organizer consumer segmentation, especially about the most suitable products and services for each segmentation, so that a wedding organizer will be able to give the best products and services for segmentation they choose, this is, of course, will result from customer satisfaction and possibly loyalty.

First, smart couple segmentation characteristics are they really understand the details of the whole wedding; they even have their own imagination of about the wedding. No wonder they have so many ideas about marriage because they have many references to knowledge about marriage. Because of it, they need help from personnel to plan their wedding. Consumers in this segment also need the wedding organizer to be willing to assist them for 24 hours. Wedding organizers need to know that this consumer is sensitive with cost and contract changes. When wedding organizers can give them satisfaction to this segment, they will easily be loyal and even recommend the service to people close to them. This segmentation is similar to the segmentation in previous research, which found the segmentation of 'smart couple'. This segmentation is a combination of segmentation 'Wedding dream couple, Wishy-washy couple, and Familiar faces couple'. Product and service preferences in segmentation are the standard portfolio, office performance, employee quality, and service contract with the perception that the most reasonable price of wedding organizer services for them is between Rp65.000.000-Rp125.000.000.

Second, uncle scrooge segmentation which has a similar characteristic with smart couple segmentation, but they are not easy to be loyal. This segment is also sensitive to the price. Therefore, they have product and service preferences in the form of catering, rundown Management, Makeup & Wardrobe, and Employee Quality, with reasonable price perceptions for this segmentation similar to the price perception of smart couples segmentation. Third, familiar faces couple segmentation is the most unique segmentation, this segmentation knows about the wedding details, but they are not complicated consumers. This is because of the family and the most often used wedding organizer in their marriage. Especially on contractual and budgetary issues, it does not really matter for them. Their preference in terms of products and services ranges from catering and allocation consultants, with the perception that the price is the same as the previous two segmentations.

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