

ANALYSIS OF PRICE DETERMINING STRATEGY AT PRIMA SKIN CLINIC SEMARANG

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ABSTRACT

This study investigated pricing strategies in beauty clinics. The purpose of this study was to analyze pricing strategies in beauty clinics as to achieve price-oriented covering profits, volumes, images and price stabilization. This study employed a qualitative method with descriptive design. Data were gathered using interviews, and the research samples were PRIMA Skin Clinic patients. Beauty Clinics had a function as a place to conduct consultation and skin care under doctor's supervision. Problems faced by women were different from humanitarian, life-altering, or hormonal. The increased of technology advancement affected the needs of scientists to deal with the health and equilibrium of the faces. PRIMA Skin Clinic provided a premium skin care with a range of coverage. The extent to which the PRIMA Skin Clinic sought the market target was a medium-sized market. It was a sensitive factor. A pricing strategy was used for the investigation of the classical investigation in the framework, including the three fold price values: the price for new products, the prices for competing products, and the market-based prices. The making the pricing strategies for each product were analyzed on the basis of the prevailing strategies in the country.

Keywords: Beauty Clinics, Pricing Strategies, Market Sensitive, Framework, Situational

INTRODUCTION

The development of technology and living standard improvement of Indonesian people, especially the citizens of Semarang city, go hand in hand with the demands for good appearance. The needs for aesthetics and skin beauty has become increasingly in demand. While their lifestyles have been changing, this has affected women's view on the importance of health and facial skin aesthetics.

PRIMA Skin Clinic is a beauty clinic, known with the slogan "*Cantik Tidak Harus Mahal* (to be beautiful should not cost much)", that offers premium facial treatment at an affordable price. All of this skin clinic's treatment activities, products and creams are under the supervision of a physician, registered with BPOM. The target market of PRIMA Skin Clinic is the lower middle market dominated by housewives, civil servants, private employees, and high school students. Regarding middle to lower class market, a price is a sensitive factor. With the widespread of other clinics in Semarang, PRIMA Skin Clinic is challenged to maintain its competitive advantage especially in terms of affordable prices. For that reason, this clinic concerns the slogan "*Cantik Tidak Harus Mahal* (to be beautiful should not cost much)".

LITERATURE REVIEW

Previous Studies

Previous studies examined pricing strategies. These studies led to relationships between value of customer satisfaction, competitors, and cost information. The results indicated both a pricing strategy and pricing strategy had been applied. However, companies did not pursue an achievement of a strategy as indicated by a price theory. Some did not even use any pricing strategies; meanwhile, others felt inadequate to fulfill the minimal requirements of the existing strategy choices. This present study aims to know the relationships of price strategy with price determination through consumers' satisfaction value method, competitor, and cost information.

Pricing Strategy Model

The situation of fiscal determination dictated changes in external conditions, competitive action and opportunities to reduce competition through a price. The price varied in the markets and functioned as a signal for the buyer, a competitive instrument, a goal for increasing the performance of a substitute and substitution for the functions of other marketing programs. Pricing had a very important role in marketing exchange. In a marketing exchange, the price to be paid by the consumers had to be greater in comparison with the price sold by the marketer. Analysts from the assessment of price determination were the best estimates about market's appreciation of prices, product determination, competitive analysis and evaluation of legal and institutional barriers.

A pricing strategy meant that firms were able to achieve price objectivity in a market; whereas, pricing was a set of activities executed by an organization's manager leading to price decisions. Conceptually, pricing strategies are developed by Noble and Gruca. The design of this framework includes three types of pricing situations; Price for New Product Pricing, Competitive Pricing, and Product-line Pricing.

RESEARCH METHODS

This study was qualitative using a descriptive design. A qualitative method, according to Sugiyono (2012), was an interpretive method because the data concerned the interpretation of the data in the field. A qualitative method, according to Moleong (2013), was a study that produced descriptive data in the form of written words. This approach covered the background and the individuals entirely. This case did not isolate an organization or individual into the variable or hypothesis; however, they were seen as a single entity (holistic).

This study employed judgment sampling: purposive sample selection selected using certain considerations, generally tailored to the purpose or problem of research (Indriantoro & Supomo, 2011). The selected population was limited to elements that provided necessary information. Sugiyono (2012) said a research with a qualitative method was not based on statistical calculation but the selected sample in order to obtain maximum information. The key informants in the study consisted of patients (potential patients, transferred patients, and old patients), experiments, and benchmarks against competitors.

DISCUSSION

New Product Price Pricing Strategy - Price Skimming

A price skimming strategy was a higher pricing strategy for a new product the customers were willing to pay a high price. Companies produced less but got more profitable sales. The price skimming was usually applied to a market willing to pay more for the latest technology. Lack of interest and purchasing power of PRIMA Skin Clinic patients on facial skin care was due to the lack of using the latest technology. Regarding the use of new technology, PRIMA Skin Clinic

viewed the technological based treatment still unfamiliar. Moreover, education skin health treatment for patients took time, not to mention the methods to attract patients on the treatment.

The wide variety of treatments as well as the competition of beauty care machinery manufacturers resulted in a wide selection of high-tech machines from different manufacturers with different treatment procedures although not all of these features may be required by the patients. The careful selection for the tools was certainly in need to anticipate unexpected results.

Price Skimming	
Before Research	After Research
Applying Price Skimming was less suitable with clinical vision that provided affordable care.	The clinic should maintain its vision by providing affordable care, and upgrading technological based treatment. It needed to apply a careful selection of machines produced by Asian countries, compared to Europe. Their features should be at least similar in order to suppress the price per a treatment session.

New Product Price Pricing Strategy - Penetration Pricing

Penetration pricing was a low price for new products aiming to attract more buyers and a larger market share. The followings were worth considering. First, the market had to be very sensitive to the price. As a result, the low price setting would trigger a high market growth. Low prices were always a consumer interest. However, a low price could be a matter of doubt for the interest of prospective customers.

Penetration Pricing	
Before Research	After Research
The offered price was in line with the penetration pricing strategy: adjusting the purchasing power of the target market, especially on the standard composition of the offered product.	Improving the service and product quality was the necessity (safe and registered BPOM) so that the cheap prices made consumers not hesitate to entrust PRIMA Skin Clinic's face care. For the future, the clinic had to get HALAL certificate from MUI

New Product Price Pricing Strategy - Experience Curve Pricing

This strategy stated cost of a service would decrease a two-fold increase in the experience of a business in producing and selling such products. At the end of the day, the consumers enjoyed their training with the more low-priced the company offered. These strategies found to be inadequate for lasers. These machines were still inadequate. The price offered by clinicians was very low to reach millions. It was because other competitors had these schemes.

As technology began developing, laser machines were no longer luxurious instruments. Many manufacturers produced lasers with almost the same features with their certain periods. Thus, it was necessary to make alternatives of the machines with similar features.

Experience Curve Pricing	
Before Research	After Research

Experience Curve Pricing was applied to lasers. A laser machine used to be advanced before it was sold at a high price for a sophisticated price until a subscriber reaches millions of dollars	With more emerging more practical and new laser machines, the price offered for the engine unit could be more substantial to the impact of laser treatments
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Pricing Strategies for Competitive Products - Leader Pricing

Leader pricing was a pricing strategy that concerned selling a price with a very thin profit. As a result, the price was below the market price. The purpose of leader pricing was as a guide price so that consumers could buy more other items. Variations in terms of types and treatment expanded the scope of pricing with leader pricing strategy. Leader pricing could be applied to the basic treatment in every beauty clinic including facial treatment. Facial treatment was a facial cleansing and relaxation treatment done before other treatment. This was an optional but remained the choice for most patients.

Leader Pricing	
Before Research	After Research
The pricing leader was applied to the clinic as the facial treatment. People had an equal ability compared to other treatments.	The variety of leader pricing started with the products patients were familiar with such as cream treatment

Pricing Strategies for Competitive Products - Parity Pricing

Parity pricing was related to the determination of the budget through which the costs were incurred by competitors. The price was determined on the basis of the price determined by the market leaders. The determination of the price was to consider the average price set by the market. For acne-prone skin types and alternative treatments were not known. Initially the price of the tape was about 100,000, enclosed by the acne and whitening. The type of tape was categorized into two: acne and whitewashing. The cost of a proportion was 90,000, adjusting the cost of the market to the concentration of the patient's needs.

Parity Pricing	
Before Research	After Research
The price of ultrapeel/peeling ranged from Rp 100.000, - in the year of opening	The price of ultrapeel/peeling declined to 90,000, -adjusting the price of other compositors.

Competitive Product Price Pricing Strategy - Low Price Supplier

Low price suppliers would be applied if the company set the lowest price in the market. Regarding low price suppliers, companies managed to find suppliers that could supply inputs with cheap prices and then sold it to consumers with a cheap price compared to other companies. PRIMA Skin Clinic sold its products directly to the end user. As a result, the production of products were not in bulk, adapting the capacity of clinical needs

Before Research	After Research
This strategy was applied in non-service	Looking for cheaper supplier packaging as to

products to maintain the quality and image of the company.	suppress the prices of products sold
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Competitive Product Pricing Strategy - Premium Pricing

The company set the highest price in the market, providing the highest quality. This was in contrast to demands from middle to low segment consumers. This strategy was to prioritize prices first, as stated in the price skimming strategy. The price skimming accompanied with technology raised the selling price. For premium pricing, the company always set the highest price offset by providing high quality. PRIMA Skin Clinic applied premium pricing when doing Meso CRT treatment. With a fairly high price per treatment of Rp 350,000, -, Meso CRT remained patients' favorite, especially those aged 35 years and over. These people regarded aging as a serious problem. The price was relatively high compared to the competitor's clinic, ranging from Rp 150.000, - to Rp 200,000, -.

Before Research	After Research
Applying premium pricing in Meso CRT treatment was not done by reducing the quality and means of treatment with the medium needle (not with a roller) because it had good results and maximum	Maintaining the quality of meso CRT with clear and precise education to patients

Product Line Pricing Strategy - Complementary Product Pricing

Complementary product pricing was a pricing strategy where firms set core product with low price. By contrast, they set the price of supporting accessories with a higher price (premium). The pricing of accessories (such as serum, mask, etc.), in addition to standard treatment, was not a problem if the price was reasonable and affordable. The core products and accessories in the world of beauty clinics had their respective roles and tend to be needed on a continuous basis.

Complementary Product Pricing	
Before Research	After Research
Has not yet implemented the strategy of complementary product pricing because it was cheap	Maintaining the price of accessories (especially serum and masks) at a reasonable and affordable price

Product Price Pricing Strategy - Price Bundling

The product package system was more effective for new patients who started to have care treatment with the complete products. The rest of the purchase tended to include all units because each product was not the same. It was more effective for older patients. The price bundling was applied to products that were more often purchased or prioritized by patients (such as morning creams and sunscreen running faster than night cream). The price bundling increased the patients' interest to buy because it was cheaper and more needed. In addition to experts, the right price bundling made companies easier to build their brandings related to the special product packages the clinics had.

Price Bundling	
Before Research	After Research
It had a delicate balance of chemical products synergistic with a skin-cleansing products	It prioritized the needs of patients/old patients for creams and other products which were less synergistic in terms of product end time.

Product Line Pricing Strategy - Customer Value Price Strategy

The company assigned one version of its product that had a very competitive level. Some facilities were subtracted from their normal versions. From the patients’ point of view, the reduction of certain facilities could have effects on the treatment result: they became less effective and less satisfactory although they just paid less money. Some patients realized mask and serum (optional) facilities after facial treatment would be a necessity and had to be applied after facial treatment. If not, their faces turned into red and the pores got larger. For that reason, some patients needed to have a facial price including masks and serum.

This treatment was supported by the experts: beauty clinic was a business that not only sold products but also services. The reduction of facilities just made consumers feel uncomfortable. If customer satisfaction was not achieved, the desire to re-purchase products and services in the clinic would be reduced. Moreover, they were likely to move to another clinic whose values were more positive.

Customer Value Price Strategy	
Before Research	After Research
Prioritize patient satisfaction not by reducing the product services offered	Maintain standardized products and service according to SOP as to prioritize patients’ comfort in doing treatment at clinic

CONCLUSION

This thesis investigates pricing strategies in beauty clinic. This study aims to analyze pricing strategies in beauty clinics as to achieve price-oriented goals: profit, volume, and image and price stabilization.

The beauty clinic is a clinic offering dermatology services or medical branches related to skin and skin-related parts such as hair, nails, etc. Here is the summary and evaluation of pricing strategies.

	NEW PRODUCT	PRICE SKIMMING	Not appropriate for price sensitive markets (expensive clinical image)
		PENETRATION PRICING	Strategies to attract patients to new products
		EXPERIENCE CURVE PRICING	Selection of alternative machine units that gradually dropped the price
	COMPETTITIVE PRODUCT PRICING	LEADER PRICING	Application of this strategy may affect

PRICING STRATEGY			the clinical image
		PARITY PRICING	Strategies can be used to stabilize prices against competitors
		LOW PRICE SUPPLIER	Less precise (directly to end-user)
		PREMIUM PRICING	Patient education and product/service selection are essential (meso CRT)
	PRODUCT LINE	COMPLEMENTARY PRODUCT PRICING	The core and complementary products run synergistically, this strategy is less suitable (high price less desirable)
		PRICE BUNDLING	The necessity of choosing the right product bundling □ combination of services and products (cream)
		CUSTOMER VALUE PRICE	Reduction of facilities can have a negative impact on the image (services)

The pricing becomes an appropriate strategy for new products at PRIMA Skin Clinic. Applying low pricing for new products has been successful at attracting more patients and larger market shares. This strategy is effective with market conditions where price becomes sensitive. Moreover, low pricing strategy creates high market growth and becomes a sensible strategy due to elastic consumers' demands.

For competitive products, parity pricing can be an appropriate strategy to obtain price stability in a particular treatment of competitors. The pricing is made equal to the average price set by the market. With this strategy, the needs of products and services can be adjusted to the price of competitors or market leaders.

In a premium pricing strategy, understanding treatment with right priorities is worth doing. Nevertheless, this strategy cannot be applied in all products and services. After the application of premium pricing, education to patients should be immediately done. In so doing, patients do not get the impression the clinic is expensive, and thus they are reluctant to try the treatment again. This education is precisely done by doctors who professionally explain during the consultation session with the patient.

For product-line, the price bundling is the company offering products combined with other products. This price bundling needs to be applied in the product line of cream and cleanser (cleanser). This product package is effective for new patients, not old patients. For old patients there is no package that suits the needs. In the future, the development of this price bundling strategy should focus on the needs of the old patients

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