

JIM UPB

Journal of Management Studies Program
Universitas Putera Batam Vol.10 No.2

IMPLICATIONS OF HALAL PRODUCT MARKETING STRATEGY DURING THE COVID-19 PANDEMIC: CASE STUDY ON MSMEs (Micro Small Medium Enterprises) IN SALATIGA

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ABSTRACT

This research is about Marketing Strategy Implication of Halal Product on Covid-19 Pandemic, focus on SMEs in Salatiga. The aims of this research is to describe why SMEs using halal product as its marketing strategy on Covid-19 Pandemic and how the impact of halal product marketing strategy on Covid-19 Pandemic. This research is using qualitative research, conduct with interview, built pattern, concept and connected them become a mini-theory. The results of this research are: (1) Adding the halal logo as a reflection of halal certification as marketing strategy is applied on covid-19 pandemic, (2) The impact of marketing strategy halal product are sales increase, price increase, packaging change, and production process change. Suggestion for the next research is examining quantitatively the mini-theory.

Keywords : Marketing Strategy, Halal Product, Mini-Theory

INTRODUCTION

Marketing is the process where companies create value for customers as well as build strong customer relationships to capture value from customers in return (Kotler and Armstrong, 2012). Furthermore Webster (1997) emphasizes that among all management functions, marketing has uneasy position in an organization, because the culture of strategy and tactics move together to achieve company goals. Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large (AMA, 2013)

During the Covid-19 Pandemic, companies must have marketing strategies to strive it for. Every companies have different ways to struggle during the Covid-19 Pandemic. For example, BRI Syariah also maximizes the use of technology to make online offers and maximizes digital banking services such as payments or transfers through online BRIS application (Sitorus, 2020). In addition, a textile company, PT. Sri Isman Rejeki, Tbk (SRIL) is conducting online business to replace the weakening domestic offline market. Meanwhile, the foreign market, which makes up 65% of teh SRIL market is still being monitored considering that many countries are lockdown (Lukminto,2020). The Covid-19 pandemic has

caused causalities, material losses and has implications for social, economic and community welfare aspects. MSMEs are a group that has been most affected by the Covid-19 pandemic. These impacts appear in various levels ranging from mild impacts on reducing production or sales capacity to severe impacts in the form of cessation of production and sales processes (dinkopumkm.salatiga.go.id). During the Covid-19 pandemic, 80% of MSMEs were affected. The Indonesian Ministry of Cooperatives and MSMEs reports that 99,99% of businesses in Indonesia are MSMEs with a total of 64 million units. MSMEs absorb up to 97% of the workforce, while large companies absorb around 3% (Perwitasari, 2021). There are 824 MSMEs registered from the Cooperatives and MSMEs Service in Salatiga, it means that there are 659 MSMEs have been affected by the Covid-19 pandemic and affects regional economic conditions.

This encourages both large companies and MSMEs to carry out appropriate marketing strategies to survive in times of crisis, especially the Covid-19 pandemic. Marketing strategy related to product, price, distribution and promotion (Kotler&Amstrong, 2012) is the key of success of a business based on marketing principles : (1). Focus on the customers, (2) Only compete in markets where you can establish competitive advantage, (3). Customers do not buy products, (4). Marketing is too important to leave the marketing department, (5). Markets are heterogeneous, (6). Markets and customers are constantly changing (Hooley *et al.*, 2017). The six marketing principles encourage the success of marketing strategy both on company or MSMEs.

Kripik paru Kidang Mas MSMEs is one of the MSMEs registered by Salatiga Cooperative and MSMEs service and has received halal certification from LPPOM MUI on March, 2021. Founded in 1970 as family business that has been passed down from generation to generation, it means has many years experiences on doing business and still survived until more than 50 years. Even though this MSMEs affected by the Covid-19 pandemic. Therefore, Kripik Paru Kidang Mas change the marketing strategy to overcome the situation. The marketing strategy focus on halal product, so the product includes halal procedures based on LPPOMMUI standards to increase sales quantity of the product. Why Kripik Paru Kidang Mas MSMEs carry out halal product marketing strategy and how the impact of halal product marketing strategy during the Covid-19 pandemic is an interesting topic to study further.

LITERATURE REVIEW

Marketing Principles

The logic of resource-based marketing is very pragmatic marketing principles (Hooley *et al.*, 2017). There are :

1. Focus on the customer

From that recognition flows the need for a close investigation of customer wants and needs, followed by a clear definition of if and how the company can best serve them. The quality of the goods or services offered to the market will be judged by the customers on the basis of how well their requirements are satisfied. As Levitt (1986) demonstrates, adopting a market-led approach poses some very basic questions. The most important include : (1) What business are we in?, (2). What business could we be in?, (3). What business do we want to be in?, (3) What must we do to get into or consolidate in that business?

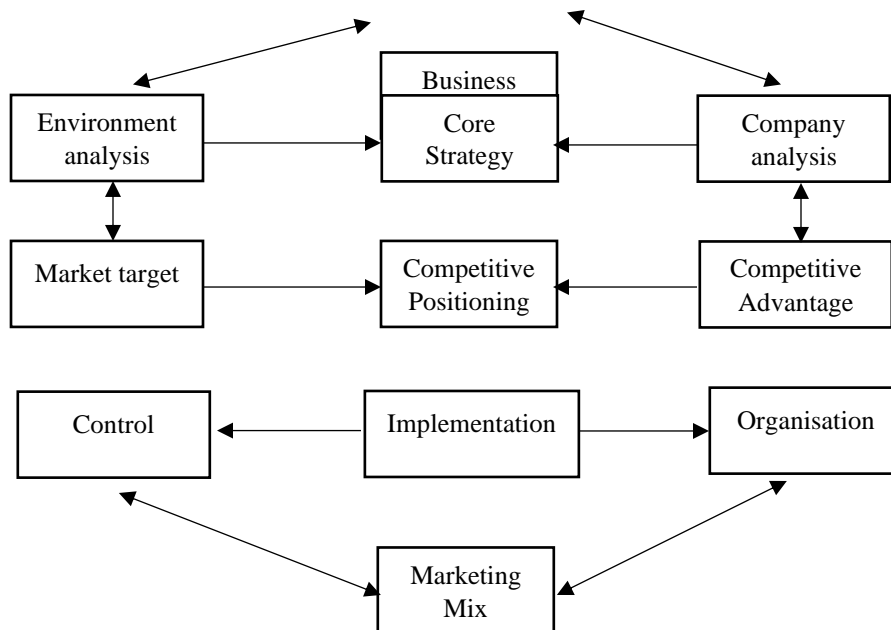
2. Only compete in markets where you can establish a competitive advantage

Many factors will come into the choice of market, including how attractive the market appears to the firm. Especially important, however, in competitive markets will be the question: do we have the skills and competencies to compete here?

3. Customers do not buy products
The third basic marketing principle is that customers do not buy products, they buy what the product can do for them, or to put it another way, the problem it solves. In other words, customers are less interested in the technical features of a product or service than in what benefits they get from buying, using or consuming the product or service.
4. Marketing is too important to leave to the marketing department
It is increasingly the case that marketing is everyone's job in the organisation and taking the cultural stance we examined earlier this is indeed understandable, hence the action of all can have an impact on the satisfaction the customer derives. However, it is clear that we must avoid simply stating that marketing is 'everyone's job' and leaving it at that. If marketing is everyone's job it may become 'no one's job'.
5. Markets are heterogeneous
It is becoming increasingly clear that most markets are not homogeneous, but are made up of different individual customers, sub-markets or segments.
6. Markets and customers are constantly changing
Markets are dynamic and virtually all products have a limited life that expires when a new or better way of satisfying the underlying want or need is found; in other words, until another solution or benefit providers comes along

Marketing Strategy Process

The evolving of marketing strategy, include : *establishment of a core strategy, the creation of the company's positioning, implementation of strategy*. The chart below, explain about the marketing strategy process (Hooley *et al.*, 2017) :



An effective marketing strategy is detailed and creative, and the assessment is in the form of the company's capabilities, both strengths and weaknesses related to competition, opportunities and threats related to the environment. The basis of this analysis is the company's core strategy, identifying marketing objectives and the drive to achieve them. In the next stage, the target market (customers and competitors) is selected or identified. At the same time, the company's competitive advantage in serving its target customers is better than existing competition. Identifying targets and competitive advantage creates competitive positioning of the organization. At the implementation stage, the ability of the marketing organization must be able to translate the strategy into real practice. The implementation focus on product, process, promotion and distribution.

Halal Product

Halal food and beverage is a key sector in the global halal industry. The halal food and beverage sector is a different sector and getting attention from investors around the world (Ali, 2018). Consumers become increasingly aware that halal products are healthier, safer and produced using animals in humane way, which has resulted in halal products increasing in popularity (Teng *et al.*, 2013). Halal product is healthy product to consume because of the way of the products are being prepared and processes (Ismoyowati, 2015). Halal product concept is understanding through religious principals that shows cleanliness, purity, quality of food consumed (Mathew *et al.*, 2014; Haque *et al.*, 2015). The other research showed that there is positive response, that halal products are halal food, which is healthy, hygiene, delicious and quality (Golnaz *et al.*, 2012). Customers demanding fresh, genuine quality because of their awareness of health, nutrition and finding out where food products come from and how they are produced (Farm & Jacoby, 2005). The level of awareness is an important factor that influences consumers' choices to buy halal products (Hamdan *et al.*, 2013). Yan and Huang (2017) states that halal food products have an important impact on the buying behavior of non-muslim consumers, because of the success of the halal industry determined by consumer awareness of the halal importance (Mohamed *et al.*, 2013).

Method

Qualitative research in this study is a case study. Yin (2011) suggests that a case study is carried out if : (1) The research base is to answer the 'how' and 'why' questions, (2) Researchers cannot manipulate the behavior of those involved in research, (3) Researchers want to cover contextual conditions because he believes that the condition has relevance to the phenomenon under study, (4) The boundaries between phenomenon and context are not clear. Glesne (1999) explains that qualitative researchers are dealing with multiple socially constructed realities or in other words, qualities that are complex and cannot be separated into discrete variables. The most important instrument in this qualitative research is the researcher himself. The subjectivity of the researcher plays an important role throughout the research process. This research is expected to develop a mini theory that is formed by linking one proposition to another, where a proposition is built by logically linking two concepts (Ihalauw, 2019)

RESULTS AND DISCUSSION

The essence of the first research issue, why MSMEs Doing Halal Product Marketing Strategy During The Covid-19 Pandemic?

Nu	Question	Informant A	Informant B	Category	Pattern and Concept
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1	Who is the target consumers?	Middle up class	Middle up class	Middle up class	The Covid-19 pandemic has affected MSMEs. So, there is an effort to do different marketing strategy to survive. Otherwise, the competition between MSMEs is high. Kripik Paru Kidang Mas is a <i>family business</i> , and doing by two and third generation. Covid-19 pandemic encourage MSMEs to do halal certification with indirect online marketing and offline. From the pattern, there are some concept emerge : Marketing strategy <i>Family business</i> Halal <i>Customer relationship management</i> Competitor
2	When did business start	1970	1970	1970	
3	When got the halal certification?	11 march 2021	11 march 2021	11 march 2021	
4	Do the producers aware the halal certification?	the producers aware the halal certification	the producers aware the halal certification	the producers aware the halal certification	
5	Are there any demand from the customer to the producers of doing halal certification?	There is no demand from the customer of doing halal certification	There is no demand from the customer of doing halal certification	There is no demand from the customer of doing halal certification	
6	Are there any demand from the supplier to the producers of doing halal certification?	There is demand from the supplier of doing halal certification	There is demand from the supplier of doing halal certification	There is demand from the supplier of doing halal certification	
7	Is the competition high?	The competition is high	The competition is high	The competition is high	
8	Are there more 5 brands in this market?	There are more 5 brands in this market	There are more 5 brands in this market	There are more 5 brands in this market	
9	It it a family business?	Family business	Family business	Family business	
10	What generation is running in this business?	Two and three	Two and three	Two and three	
11	How to market halal product during the covid-29 pandemic?	Offline and Online (indirect)	Offline dan online (indirect)	Offline dan online (indirect)	

Source: Interview Protocol

In order to answer first issue about why MSMEs doing halal product marketing strategy during Covid-19 pandemic, researcher doing this reseacech based on interview result between informant A and B and the essence of first issue. Paru Kidang Mas doing its business since 1970 until now, doing by second and third genetation as *family business*. During Covid-19 pandemic, Kripik Paru Kidang Mas change its marketing strategy.

Yah, Covid-19, there is no one now, there is no one want. Chaos to chaos. Firstly on covid-19 pandemic, one of our outlet doing promotion buy one get one. Imagine that, we have 1000 pack and we sell Rp.24.000 per pack, we have to cut the price until 50%. There was no choice at that time. Besides that, we donate 35 pack for charity because of the expire date (Informant A). And, we should reduce our employee (Informant B)

During the pandemic we try to survive by using offline marketing, we sell our product outlets in semarang, malang, solo and salatiga. Fortunately, there is a biggest outlet in semarang which help us to do online marketing. We sell the product to outlet, and the outlet market it by using online marketing. It help us to distribute the product to end customers (Informant B). This strategy make us survive (Informant A)

One element relate to marketing strategy is competitor where company can understand and assess the strategy which used by competitor and identify opportunity and threat from competitor. (Lehman dan Winer, 1991)

Mmmm, there are more than five competitors of Kripik Paru Kidang Mas, about 15 until 20 brands. Before march 2021 a few brands are being certified only 5 brands. At that time, our product was not being certified halal yet. (Informant B)

One of our outlet encourage their suppliers in order to do halal certification. They give time limit for the suppliers register their product into halal certification. It is not easy to us to do, but it is an opportunity to raise the sales, because there is few product ok kripik paru are being halal certified (Informant A). 11 March 2021, finally our product register as halal certified (Informant A and B).

From concepts, the propositions are :

Proposition 1 :The more competitors, the more concentrated the marketing strategy used

Proposition 2 The more focused on halal products, the more focused the marketing strategy

The essence of second problem How is the impact of Halal Product Marketing Strategy During The Covid-19 Pandemic

Nu	Question	Informant A	Informant B	Category	Pattern and Concept
1	Do sales increase with the presence of halal label on the packaging?	Sales increase	Sales increase	Sales increase	The impact of halal product marketing strategy on Covid-19 pandemic are : increasing sales of the product, increasing price, changing production process, changing packaging, and outlet trusting. Otherwise, competitors which are not certified halal cannot sell their products in the outlet which require halal certification. From the pattern, there are some concept emerge : Price Halal Packaging Competitor Marketing strategy Consumer trust
2	What is the price after product is certified?	Price increase	Price increase	Price increase	
3	Are there any changes in the production process while implement halal product?	Production process change	Production process change	Production process change	
4	Are there any changes in the packaging while product being certified?	Packaging change	Packaging change	Packaging change	
5	How is the trust of outlet after products are being certified?	The trust of outlets increase	The trust of outlets increase	The trust of outlets increase	
6	How is the competition after product being certificate halal ?	Some competitors withdraw from outlet	Some competitors withdraw from outlet	Some competitors withdraw from outlet	

Source: Interview Protocol

In order to answer second research issue about how is the impact of halal product marketing strategy during Covid-19 pandemic, the researcher doing research based on interview result and the essence of second research issue. On 11 March 2021 Kripik Paru Kidang Mas has got halal certification from LPPOMMUI, that affect on sales, price, production process, packaging, outlet trusting and competition in market. (Hooley *et al.*,2017)

Yaa, one of the our big outlet pushed us to do halal certification and give the good impact during the Covid-19 pandemic. Some competitors withdraw their products because of the halal certification. Too complicated procedur to get halal certification, we have to collect so mant documents. For example manual sistem jaminan halal, catch up with LPPOMMUI system and too many complicated procesess. Besides that, supplier who didnt want to register their product into halal certification because they are not producers but only reseller (Informant A).

So many competitors withdraw their product because of halal registration. So, we are lucky because only a few competitors which has halal registration. On Ramadhan we can sell almost 2000 pack in one outlet...So, it is a grace (Informant B)

The price is increase, that must be like that. We increase Rp.3000. There is a halal logo, when we extend it, we need money to get it. Only twice a year to extend this halal certification (Informant A)

Outlet will trust, if we produce halal product include customers. Halal talks about hygine and safety of the product (Informant B)

While doing halal procedurs, it was too exhausted. Our production process change from hygine and safety of the product. For example, we have to make sure that our production area free from rat, cockroach, termite, dog saliva, lizzard droppings, etc. But, its encourage our employee to do halal procedurs (Informant A)

From concepts, the propositions are :

Proposition 3 : The fewer competitors the sales will increase

Proposition 4 : The more sales increase, the more focused on marketing strategy

Proposition 5 : The more focused on halal products, the price will increase

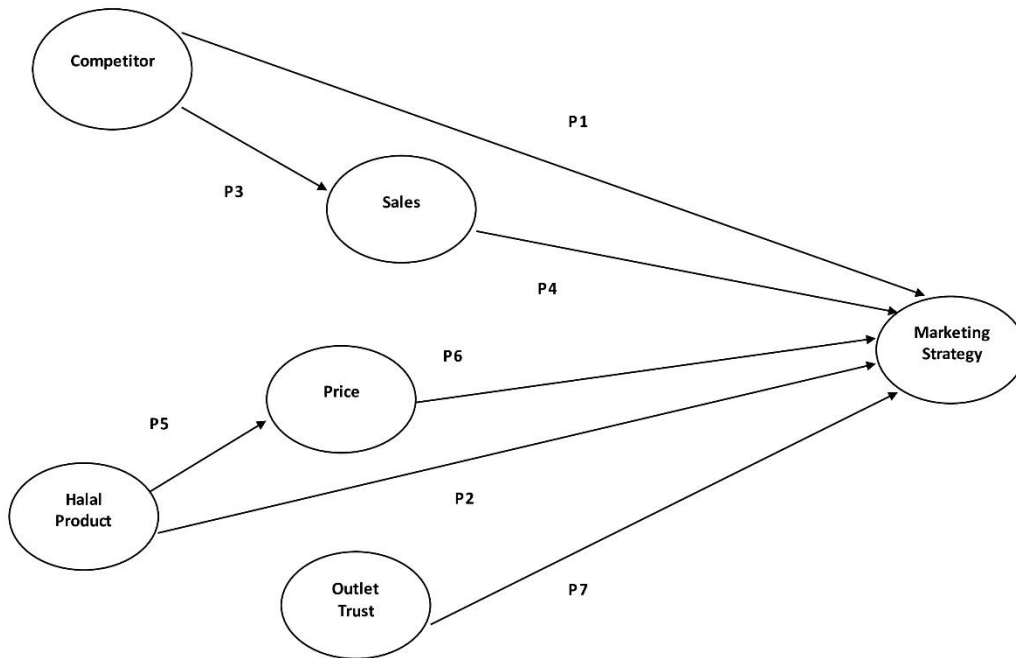
Proposition 6 : The higher the price, the more focused on the marketing strategy

Proposition 7 : The more focused on outlet trust, the more focused on marketing strategy

From propositions, we get 7 propositions to built and construct mini-theory, which connecting one proposition to other proposition. In other terms, mini-theories can be constructed with a system of other propositions (Ihalauw, 2008). Seven propositions used to built and construct mini theory on chart 1.

On Chart 1, marketing strategy concept as dependent variable.

Chart 1
7 Propositions on Mini Theory



CONCLUSIONS

1. The encouragement from outlet to suppliers doing halal certification, make MSMEs change their marketing strategy and try to fulfill outlet's need.
2. Halal product marketing strategy was done by MSMEs affect on price, packaging, sales, production process and outlet trust towards MSMEs as halal product supplier
3. To examine mini theory on chart 1 can used by quantitative research
4. Untuk menguji Teori-Mini pada Peraga 1 dapat dilakukan penelitian secara kuantitatif.

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