

Marketing mix halal chips

[Business](#), [Marketing](#)



The purpose of this paper is to presents the results of the comprehensive marketing analysis of the feasibility of introduction of Halal chips to Indonesian market. The study consists of the overview of the product (using certain elements of the Marketing Mix methodology) and the overview of the target market (a full macro environmental analysis, encompassing the scan of political, economic, social, and technological aspects of the chosen market), followed by a conclusion concerning the rationale behind the introduction of Halal chips in Indonesia.

Product: Halal chips

Marketing Mix is one of the most effective tools to formulate a comprehensive marketing strategy. Marketing Mix is sometimes referred to as the '4 Ps', which stands for product, place, price, and promotion. Sometimes this list is extended to '7 Ps' to include people, process, and physical evidence; however, this paper will focus on the discussion of the traditional model. There are two basic marketing approaches to evaluating the product – Product Life Cycle and Three Levels of a Product. Product Life Cycle (PLC) model compares the existence of the product on the market with the biological life cycle:

' After a period of development it is introduced or launched into the market; it gains more and more customers as it grows; eventually the market stabilizes and the product becomes mature; then after a period of time the product is overtaken by development and the introduction of superior competitors, it goes into decline and is eventually withdrawn' (MarketingTeacher, 2006, The Product Life Cycle (PLC), para. 2).

Product Life Cycle is viewed as being comprised of four distinct stages such as introduction, growth, maturity and decline. At the Introduction stage, the pressure for immediate profit is less important than creating the first impression about the product. At the Growth stage, many competitors exist on the market, therefore companies tend to form strategic alliances, joint ventures, or merge.

Profits are growing, and wide-scale advertising is the focus. At the Maturity stage, sales growth is stable, and the companies pay most attention to differentiating their offers and promoting the product through various media. At the Decline stage, the product is either radically transformed or withdrawn from the market.

When introducing Halal chips to Indonesian market, it is of paramount importance to choose appropriate strategy at every stage of Product Life Cycle. Immediately after the introduction, it is necessary to develop a positive image of Halal chips. At the Growth stage, it is imperative to maintain a competitive advantage over competitors. At the moment, the competition is not intense, yet the situation may change if the introduction of Halal chips proves to be a success. At the Maturity and Decline stages, strategies like repackaging, differentiating (e. g. adding new flavors), and aggressive advertising will have to be applied.

Another marketing model that can be applied to analyzing Halal chips is the Three Level Model. The Three Levels of a Product model argues that within each product it is possible to distinguish three different levels -- the core product, the actual product, and the augmented product. The core product is

the immediate benefit the customer receives from the ownership of a product. The actual product is the tangible, material thing. The augmented product encompasses the added value of the product, i. e. additional services that accompany the product. The examples can include ' toll-free customer information, installation guides, delivery, warranty, and after-sale services' (Lilien & Rangaswamy, 2006, p. 234).

In the case with Halal chips, the level of augmented product is virtually non-existent, therefore, the main focus should be on the levels of core product and actual product. The core product should be larger than the actual, tangible product. Through advertising and correct positioning, it is necessary to have the customer associate benefits from buying Halal chips not only with delicious taste and hunger satisfaction, but also with adherence to tradition or good times shared with friends while eating the chips.

Pricing policy is another vital aspect of marketing the Halal chips. There are different pricing strategies, and the application of each strategy should rely on all other elements of the Marketing Mix. The basic pricing strategies include Premium Pricing, Penetration Pricing, Economy Pricing, Price Skimming, Psychological Pricing, Product Line Pricing, Optional Product Pricing, Captive Product Pricing, Product Bundle Pricing, Promotional Pricing, Geographical Pricing, and Value Pricing.

In the case with Halal chips, Penetration Pricing can be used at the initial stages of the introduction of the product. This strategy implies that the price is artificially lowered with a view to establish the company on the market. When Halal chips are established on the Indonesian market, Price Skimming

can be used. It is applied by companies that have a significant competitive advantage. Price Skimming can not be sustained for a long time as new competitors, lured by high revenues, enter the same segment of market. At the stages of Maturity and Decline, Economy Pricing might be the most feasible option. Economy Pricing means that it is a low price offered by a company that keeps marketing and manufacturing expenses at a minimum.

Target Market: Indonesia

Presently, Indonesia is a market that offers many lucrative opportunities for doing business in different spheres. However, it is necessary to assess all the possible risks involved, including political, economic, social, and environmental factors.

Political

Recently, Indonesia has been showing signs of enhanced political stability. The political climate of the country has become more favorable for further economic and social changes. In the framework of Reformasi movement following President Suharto's resignation in 1998, greater democracy was introduced into Indonesian political life. However, problems include pervasive corruption, administrative obstacles to doing business, and the danger of radical Islamist ideology overtaking the political scene. Terrorism threat also remains high. Separatism is another risk factor: although a political settlement to an armed separatist conflict in Aceh was achieved in 2005, Indonesia a very diverse country where conflicts between different ethnic groups are hard to avoid.

Economic

Indonesia was badly hit by the Asian Financial Crisis of 1997, therefore the government increased its intervention in economic matter. Nevertheless, Indonesia has a functioning market economy. Furthermore, the government struggles to change the regulatory framework to attract more investment. Major problems include instable legal and judicial system, weak competition laws, and lack of internationally acceptable accounting and disclosure standards.

Social

Indonesia has a large population, which is supposed to increase in the years to come, given the present annual growth rate of 1.25%. Therefore, the number of potential consumers of Halal chips is doomed to increase, since chips and related snacks are popular among teenagers and youth. In terms of religious affiliations, 86% of Indonesians are Muslim. An interesting trend observed in Indonesia is the gradual Westernization of the society coupled with greater observance of religion and traditions. Therefore, there exists a degree of fascination with Western lifestyle (e. g. eating chips), yet there is also an avoidance of conflict between consumerist values and well-entrenched traditions (e. g. chips have to be Halal).

Technological

From the technological perspective, Indonesia is striving to meet all the international standards in this field. Indonesia has been noted for the rapid development of infrastructure and modernization of its production facilities. The development of Indonesian technological sphere may leave much to be desired, yet shows clear trends towards substantial improvement.

Conclusion

The entry of Halal chips into Indonesian market has high chances of being successful. Given the high percentage of young Muslim population, the target market is large and growing. However, the commercial success of such an entry depends greatly on the carefully chosen marketing and promotional strategy, pricing, and advertising. While there are some risks involved, mostly of political and economic nature, they can be offset by lucrative business opportunities Indonesian market offers.

References

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- Marketing Teacher. ' The Product Life Cycle (PLC).' 2007. November 21, 2007.