

# Analysis of Digital Marketing Strategies in Developing the *Halal* Food and Beverage Industry in Indonesia

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## Abstract

*The phenomenon of business shifting towards digitalization certainly has advantages and disadvantages. Therefore, it is necessary to conduct research regarding the implementation of digital marketing strategies, especially in developing the halal food and beverage industry, which is the leading sector of the halal industry in Indonesia. This research aims to look at the strengths and weaknesses as well as the opportunities and challenges of digital marketing strategies in the halal food and beverage industry. This research is qualitative research using secondary data and analyzed using SWOT analysis. The results of this research explain that digital marketing strategies have many conveniences that benefit producers and consumers, and the ample opportunities make this strategy very good for implementation in the halal food and beverage industry. However, there are still weaknesses that must be addressed and external threats that must be overcome. The author provides recommendations to internal parties (business) to improve all weaknesses and develop business strengths; to the government to carry out improvements and equal distribution of infrastructure, especially internet networks, to remote areas; and to conduct outreach to the public about halal awareness.*

**Keywords:** *Digital Marketing; Halal Industry; Food and Beverage*



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## **Introduction**

The *halal* industry is a world trend today. This is proven by the prospects of the *halal* industry, which continues to grow from year to year. According to a report from the State of the Global Islamic Report (2019), there are around 1,8 billion Muslims who are consumers of the *halal* industry. Consumer opportunities in the *halal* industry increase by 5,2% annually, with total consumer spending reaching USD 2,2 trillion. This number is expected to continue to increase every year.

Indonesia is a country that has great potential to develop the *halal* industry. Of course, this great potential is an implication of the large Muslim population in Indonesia. Indonesia accounts for 12,7% of the world's Muslim population. This sizeable Muslim population also makes the demand for *halal* products large. Indonesia is said to be the embodiment of the world's *halal* industrial market.

Meanwhile, one of the agendas of Indonesian Sharia Economic Stakeholders (KNEKS) to advance independence and make the world's sharia economic center is the utilization and strengthening of digital economic platforms in terms of trade (e-commerce, marketplace) and finance (financial technology / fintech). The digital economy and platforms can also strengthen several targets or strategies at once, including MSMEs, *halal* value chains, production scale achievements, and rankings in global reports. Today's business developments are increasingly moving towards industry 4.0 and making greater use of technology as a business medium. Many businesses started from small and creative innovations to answer society's various needs, which are increasingly diverse. This innovation provides many conveniences for people in carrying out daily activities (Sari, 2021).

The accelerated increase in the use of internet based technology is also caused by the Covid-19 pandemic, which has brought about changes or shifts in the configuration of internet use. Previously, internet user configuration was only around offices, campuses, schools, and other public places. This differs from now, where internet users have shifted to housing, residences, and settlements. This shift was motivated by the consequences of implementing government policies such as PSBB, lockdown, work from home, study from home, and worship from home. So, the lifestyle of Indonesian people tends to change. As a result, many business people have to force themselves to keep up with changes during the Covid-19 pandemic. On the other hand, technological developments also encourage business people to be quick in adapting business models towards digital, especially in the *halal* culinary business (Faizah, 2022).

Apart from that, the large number of competitors is a consideration for entrepreneurs to enter the tight competition. The proper marketing and media strategies are used to reach the target market so that sales volume and profits always increase. Digital Marketing is a medium currently in great demand by the public to support various activities. Little by little, they are starting to abandon conventional/traditional marketing models and switch to modern marketing, namely digital marketing. With digital marketing, communications and transactions can be carried out at any time / in real time and can be global. The increasing number of social media users daily opens up opportunities for the industry to develop its market within the grasp of smartphones (Gumilang, 2019).

According to previous research (Harahap, 2023), MSMEs must use viral marketing as a media based marketing method if they want to survive and develop. The results of other research (Faizah, 2022) and (Kurniawan, 2019) show that *halal* culinary MSMEs still exist and have high value. Digital marketing helps them achieve this. Despite the advantages offered, the current phenomenon of business shifting towards digitalization indeed also has weaknesses, we must not accept this strategy at face value. Therefore, it is necessary to conduct research regarding the implementation of digital marketing strategies, especially in developing the *halal* food and beverage industry, which is the leading sector of the *halal* industry in Indonesia.

Based on the background description above, the author is interested in observing this digital marketing strategy to see its strengths, opportunities, weaknesses, and threats and providing recommendations for overcoming existing problems using the SWOT analysis method. Therefore, the author raised the title "*Analysis of Digital Marketing Strategies in Developing the Halal Food and Beverage Industry in Indonesia*".

## **Methodology**

This research uses a descriptive qualitative method using secondary data sourced from scientific articles and other documents relevant to the research topic, while the data collection method is the library method. The analysis technique uses SWOT analysis to analyze internal and external factors that influence the *halal* industry in utilizing digital marketing. SWOT analysis is carried out by analyzing the strengths, weaknesses, opportunities, and threats faced by the *halal* industry in utilizing digital marketing (Mukhlisin and Mansyur, 2020).

The results of the qualitative analysis and SWOT analysis are then synthesized and communicated through discussion in this research to provide a better understanding of the strengths, weaknesses, opportunities, and threats of digital

marketing in influencing the development of the *halal* industry, as well as an explanation of the strategies resulting from the SWOT analysis.

## **Results and Discussion**

### ***Halal Food and Beverage Industry***

According to Pujiyanti, the *halal* industry is a productive economic or industrial activity that processes raw materials as production inputs, which are processed through a series of production processes to produce output in the form of goods or services that adhere to Islamic rules. Meanwhile, according to the Ministry of Industry, a *halal* industrial area is an industrial area where activities from upstream to downstream follow Islamic sharia standards and rules. The *halal* industry does not only talk about profit but also pays attention to processes and results that prioritize benefit and welfare (Mulyani. dkk, 2022).

The *halal* industry is a field of economic study that is related to *muamalah*, namely that which discusses the relationships between humans in meeting their needs. Currently, the *halal* industry has become an important sector that plays a role in increasing economic growth. Therefore, in managing the *halal* industry, a basis is needed that is in accordance with Islamic sharia so that the development of the *halal* industry does not conflict with the mission implied by the meaning of *halal* in a broad sense.

There are several *halal* industry sectors, one of which is the *halal* food and beverage industry. *Halal* food is a basic need for Muslims. *Halal* food is a sign of safety, cleanliness, and high quality for the life of Muslims as a form of worship that must be carried out. The word "*halal*" comes from Arabic and means to free, resolve, dissolve, and allow everything that makes someone not legally burdened if they use it or everything that can be done according to the rules of Islamic law.

According to Yusuf Al-Qardhawi, *halal* food and beverage are anything that can prevent something dangerous, so it is permissible to consume them. Apart from that, 'Abd Al-Rahman Ibn Nashir Ibn Al-Sa'di also defines the word *halal* as something that refers to a way of obtaining something, namely not by false means such as stealing or carrying out *haram* cooperation and buying and selling. So, it can be said that *halal* food and beverage are all forms of food and beverage that are permitted by Islamic law based on the provisions of the Al-Qur'an and Hadith and contain goodness for humans (Faizah, 2022).

The principles of *halal* and *haram* in Islam are: (1) Prohibiting what is *halal* and making lawful what is *haram* is the consequence of apostasy; (2) Something that leads

to something that is *haram* is also considered *haram*; (3) Tricking the *haram* to make a product that is considered *halal* then the law is *haram*; (4) Basically everything is *halal* unless there is a prohibition that makes it *haram*; (5) Something is forbidden because it is terrible and dangerous; (6) In something *halal* there is something that makes us not need anything that is *haram*; (7) Avoid what is unclear so as not to fall into what is *haram*; (8) *Haram* is unlawful for everything except in emergencies; (9) *Halal* and *haram* is Allah's will; (10) Good intentions do not produce anything *haram* if the process remains good and in accordance with Islamic law; (11) An emergency can change what is *haram* into *halal* according to the degree of emergency. Based on the above principles, it can be concluded that Islam provides the *halalan thayyiba* concept in determining the quality of food and beverage (Zahra and Fawaid, 2019).

### ***Digital Marketing***

Digital marketing can be interpreted as a marketing activity or product promotion via the internet or digital media. According to the American Marketing Association, digital marketing is an activity used to create, communicate, and convey values from an institution to consumers through the use of technology. Meanwhile, urban also defines digital marketing as the use of technology and internet media to develop the functions of traditional marketing. Apart from that, according to Dave Chaffey, digital marketing is a marketing activity with the aim of developing marketing to gain profits and relationships with customers by digital means or electronic marketing, which produces online channels with internet media and other social networks (Yacub and Mustajab, 2020). Thus, digital marketing is a marketing activity that utilizes today's technology, such as the internet, to develop the marketing sector in building relationships with customers. Digital marketing is part of the development of traditional marketing. Traditional marketing activities are carried out through direct interaction through brochures, advertisements on television or radio, and others (Faizah, 2022).

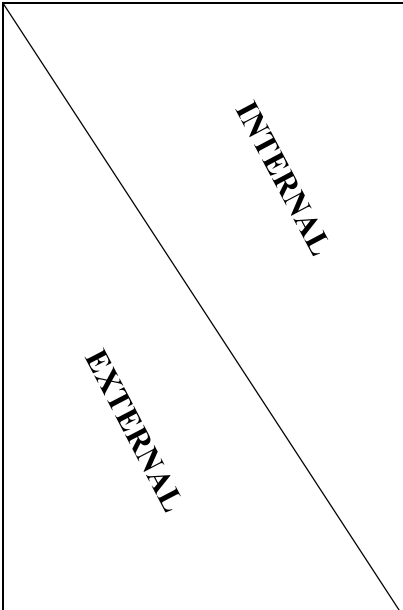
Digital marketing has benefits for industrial companies or business people, including the impact that costs incurred for promotions can be minimized and digital activities can access broader market segments. Digital marketing can be developed through social media marketing and social video marketing. However, in today's developments, digital media can access a vast scope, it would be a shame if digital media were only used for promotional media because digital media can be used for more profitable things (Yanti and Darwanto, 2020).

The goals of digital marketing, the use of digital marketing is a way to articulate better the communication goals that businesses can achieve through the use of the

Internet, such as: (1) Dissemination of information one of the essential purposes of using a website is to provide complete and detailed information about the company's products. Companies using digital marketing have many different ways to engage with consumers. Using internet media in marketing is the best way to keep the masses fully informed; (2) Increase awareness, digital marketing can help increase awareness about a business and the products and services it produces. For businesses with limited advertising budgets, digital marketing offers the opportunity to create awareness more effectively than traditional media; (3) For research purposes, companies use digital marketing to conduct market research and gather information about competitors, target customers, and marketing issues; (4) Start a digital marketing company that implements digital marketing to help create a good perception or image of the company in society; (5) Product testing, companies use digital marketing to offer their products; (6) In improving services, the role of digital marketing is to provide information and respond to various complaints and questions from customers. Digital marketing capabilities can also improve service and build positive relationships between businesses and consumers; (7) Digital marketing increases sales and provides many ways to sell, advertise and showcase products. One way is through websites designed to manipulate affiliate names. Affiliate represents a partnership relationship between several sites, which allows a company to expand sales of its products by collaborating with its website (Pratiwi and Rohman, 2023).

**SWOT Analysis Results**

**Table 1. SWOT Analysis of Digital Marketing for the Halal Food and Beverage Industry**

	<p style="text-align: center;"><b>Strength:</b></p> <ol style="list-style-type: none"> <li>1. It makes businesspeople or businesses more economical and helps generate higher income.</li> <li>2. Transactions can be carried out more quickly, effectively, and efficiently.</li> <li>3. Can be applied by anyone, both large companies and MSMEs.</li> <li>4. The shop site or marketplace can be visited by anyone, anywhere in the world, and at any time as long as they have the facilities.</li> </ol>	<p style="text-align: center;"><b>Weakness:</b></p> <ol style="list-style-type: none"> <li>1. There is a low level of security in some digital marketing systems.</li> <li>2. Can only be accessed with an internet connection because it is digital and online based.</li> <li>3. Transactions are carried out online, so they are prone to errors both in terms of the halalness of the object being traded and errors in the purchase transaction.</li> <li>4. The time required for the product to reach the consumer takes longer than</li> </ol>
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		carrying out transactions (marketing) directly or traditionally.
<p><b>Opportunities:</b></p> <ol style="list-style-type: none"> <li>1. Indonesia is ranked 3<sup>rd</sup> in internet users in Asia, with 212,35 million people.</li> <li>2. Development of digitalization in Indonesia.</li> <li>3. There are many applications and sites available in the marketplace, including social media and e-commerce.</li> <li>4. There is an increasing number of Muslim residents annually and an interest in <i>halal</i> food by non Muslim communities.</li> <li>5. Government support in establishing the <i>Halal</i> Product Guarantee Organizing Agency.</li> </ol>	<p><b>S - O Strategy:</b></p> <ol style="list-style-type: none"> <li>1. Maximize opportunities (O1, O2, O3, O4) by increasing strengths (S1, S2, S3, S4).</li> </ol>	<p><b>W - O Strategy:</b></p> <ol style="list-style-type: none"> <li>1. (W1, W2 - O2, O3) improve security systems and choose e-commerce that suits business characteristics.</li> <li>2. (W3 - O4, O5) apply sharia principles such as honesty in every transaction.</li> <li>3. (W4 - O3) choose the type of digital marketing or e-commerce that suits the characteristics of the business.</li> </ol>
<p><b>Threats:</b></p> <ol style="list-style-type: none"> <li>1. The ease with which foreign products enter the market creates greater and global market competition, so local products are out-competed.</li> <li>2. Lack of <i>halal</i> awareness among Indonesian society.</li> <li>3. The use of information technology is still low because internet access facilities are less than optimal because not everyone has a good internet connection.</li> </ol>	<p><b>S - T Strategy:</b></p> <ol style="list-style-type: none"> <li>1. (S1, S2, S3, S4 - T1) business actors apply digital marketing with all its advantages.</li> <li>2. (S2, S3, S4 - T2) utilizing digitalization to increase <i>halal</i> awareness in an inclusive manner.</li> </ol>	<p><b>W - T Strategy:</b></p> <ol style="list-style-type: none"> <li>1. Minimize all weaknesses (W1, W2, W3, W4) and anticipate threats (T1, T2, T3).</li> </ol>

Source: Observation Data

**Discussion and Recommendations**

From the results of the analysis that has been carried out, the application of digital marketing in the marketing of the *halal* food and beverage industry in Indonesia will undoubtedly have an excellent impact if seen from the significant opportunities and the many strengths it has, as explained previously. However, it cannot be denied that this strategy still has several weaknesses and threats from the external side. To

overcome this, digital marketing strategies must create strategies that can be used in the present and future based on the SWOT analysis described previously. The steps or strategies that have been made so that the application of digital marketing in the *halal* food and beverage industry in Indonesia can run effectively include, *first*, the most crucial thing, of course, is to maximize existing opportunities by increasing strengths and improving all weaknesses (Sasoko and Mahrudi, 2023).

*Second*, related to weaknesses that can be overcome or minimized, such as low security systems and proneness to errors in transactions, must be addressed immediately. Manufacturers or companies must increase the security of the methods used by continuing to upgrade the system in accordance with technological developments, as well as implementing sharia principles such as honesty in every transaction. This will increase customer trust because they can shop with a sense of security and avoid false transactions.

*Third*, as for threats in the form of global market competition, which makes it difficult for local products to compete, steps that the government can take to support the *halal* food and beverage industry for local products are implementing duty policies. These external duties can affect the consumption of domestic products. If more foreign products enter Indonesia, consumption of Indonesian products will decrease. As a result, the trade balance will experience a deficit because more imports come in than exports, besides that, Indonesia's goal of becoming a global producer of *halal* products will be hampered. So, the solution to this problem is the government's seriousness in enforcing customs laws. We need protection to protect local products. This protection policy must be able to reduce import numbers but not make importing countries "*offended*". The aim is to protect local products while maintaining international relations (Fathoni, 2020).

*Fourth*, another challenge is the level of awareness of *halal* products among Indonesian people. The key to increasing *halal* awareness in Indonesia is to carry out outreach. Socialization must be carried out continuously, directly or indirectly. Direct outreach can be done by conducting religious studies about the *halal* concept, holding seminars on the theme of the *halal* industry, conducting visits to educational institutions, and holding *halal* industry events and exhibitions. Meanwhile, indirect socialization can be carried out through various media. In print media, outreach can be done by writing articles in newspapers and magazines and making books and comics about *halal* concepts, as is done by the Indonesian Ulema Council (MUI). Through electronic media, outreach can be done by making broadcasts about *halal* ideas and industries. Socialization can also be done through cyber media, such as by



creating content on websites and social media, creating challenges on social media, and conducting online broadcasts on social media (Fathoni, 2020).

*Fifth*, the unequal distribution of facilities for accessing the internet is also a challenge for this digital strategy, where all applications or sites used are internet based. In this case, the government plays a very important role in creating and providing facilities for accessing the internet in a decent (stable) and even manner throughout all regions in Indonesia.

## **Conclusion**

Digital marketing strategies have many conveniences that benefit producers and consumers and the significant opportunities make this strategy very good for implementation in the *halal* food and beverage industry. However, there are still weaknesses that must be addressed and external threats that must be overcome, therefore, in this research, the author also provides several suggestions (recommendations) that have been outlined previously to perfect digital marketing strategies so that they can optimally develop the halal food and beverage industry in Indonesia.

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