

# PROMOTIONAL STRATEGY: THE CASE OF KOKO MINDA FOOD INDUSTRIES

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## ABSTRACT

*Small medium enterprise is the backbone of local and world economy. Same goes with Malaysia as developing country. This proposition study are about to find the suitable factors for promotion mix in SME company, Koko Minda Food Industries that located at Serkam, Melaka. The main objectives of this study are to identify factors in promotional strategy that been practice by Koko Minda Food Industries and to evaluate promotional mix and create the new promotional strategy for Koko Minda Food Industries. 50 respondent that choose from workers, customers, and stockiest of Koko Minda Food Industries. They have answered a set of questions in questionnaire that were develop from the promotional strategy that been used in Koko Minda Food Industries. Data are collected had been analyse using exploratory factors analysis to build the better factors for promotional strategy of Koko Minda Food Industries. The result of analysis shown that the suitable factors that can be used for promotional strategy by Koko Minda Food Industries are government support, personal sales, promotional awareness and business to customers (B2C). This study is benefit Koko Minda Food Industries and SMEs companies that have same industries like Koko Minda Food Industries.*

**Keywords:** *SMEs companies, factors of promotional strategy, promotion mix, Koko Minda Food Industries.*

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## **1. INTRODUCTION**

Promotion is one of the key factors in marketing strategy and it is a very exciting field. Traditional concept of promotion is by using the physical movement of the product and it is different from modern way of promotion that use human activities to satisfy the customer needs and wants while gain more experiences in order to meet market demands. Promotion can be done in two ways which are either by one way communication or two way communication to deals with consumer. Promotion mix need to be apply in small medium enterprise business. By improve promotion mix, small medium enterprise company can approach their customer more efficiently for improvement of their product. According to Noorita, Mariam and Khairunnisa (2012) Small and Medium Enterprise (SMEs) is define as a manufacturing company or companies providing manufacturing related services with annual turnover not exceeding RM 25 million and employs full-time employees not exceeding 150. In the 9th Malaysia Plan (RMK 9) government expressed a desire to improve the economy through the development of small and medium Enterprise. In addition RMK 9 also stressed the importance of accelerating the manufacturing and service sectors. (Factors affecting the purchase of local beverage product, 2012)

Nowadays, the Malaysian community starts realizing the importance of halal food. This create a new market segment in Malaysia, halal food and beverage. Promotion needs to be apply in improving marketing strategy in order to break through the halal food and beverage market segment. Koko Minda Food Industry is one of small medium enterprise company and it needs a new promotional mix for their new product. By improving the promotional mix, Koko Minda Food Industry food industry can gain more experience and more profit margin to bring its company a step ahead from the competitor.

Koko Minda Food Industry is the one of the halal food and Beverage Company in Malaysia. Promotional mix is important to Koko Minda Food Industry so that it can gains more experience in marketing and can approach their customer. Other than that, by using the promotional mix, it also can know what the market demand from halal food and beverages industry.

In this study, researcher will conduct a proposition study to find the promotional strategy factor of Koko Minda Food Industry in halal food industry in Malaysia market. Proposition study is propositions form the basis for scientific research. The validity of a research study is to extent, evaluated on the criteria of its propositions. For internal validity, study propositions provide information regarding precision of definition measurements, associations, confounding factors.

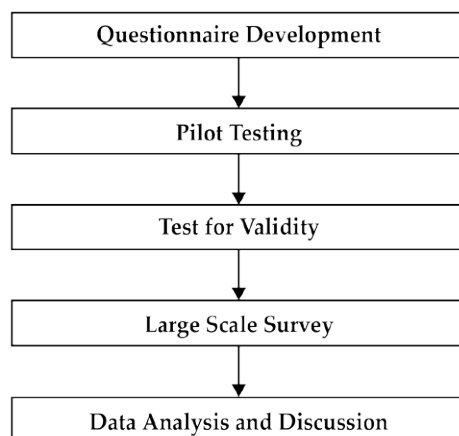
## **2. RESEARCH STRATEGY**

In this study, the researcher uses the explanatory research to explain about the topic and discover the result. Exploratory research is always use in other to tell the information, to explain the problems which are not been define or still not have clear scope. It will give study familiarize with the concepts.

In case of Koko Minda Food Industries, exploratory research are apply to gain information about halal food market in Malaysia. How far the halal food market in Malaysia have been. Did halal food industries in Malaysia need an innovation? In case of Koko Minda Food Industries, explanatory research are apply to gain information about halal food market in Malaysia. How far the halal food market in Malaysia have been. Did halal food industries in Malaysia need an innovation? That all use in research in Koko Minda Food Industries.

This study are done by pre-test of the survey using questioner. The questioner question are create to know how relevant this research are. Interview are to define customer satisfaction of service and product are provide by Koko Minda Food Industries. That all use in research in Koko Minda Food Industries.

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**Figure 1:** Research Design

Figure 1 shown the research design for this study will be conducted in Five Phases. At Phase 1 is questionnaire development, Phase 2 pilot testing of questionnaire, Phase 3 test for validity using Cronbach Alpha, Phase 4 Large scale survey, Phase 5 data analysis using exploratory factor analysis and discussion of the result.

### **3. RESEARCH METHODOLOGY**

#### **3.1. Questionnaire development and pilot testing**

After questionnaires were developed using Literature Review, few samples were tested for pilot test. Before the final form of the survey or questionnaire is constructed, it is useful to conduct a pilot testing to determine if the items are yielding the kind of information that is needed. A pilot testing is a mini-version of a full-scale study or a trial run done in preparation of the complete study. It can also be a specific pre-testing of research instruments, including questionnaire or interview schedules.

Surveys are pre-tested to avoid misleading, inappropriate, or redundant questions. Pilot testing ensures that a research instrument can be used properly and that the information obtained is consistent. According to Fink and Kosekoff (1985), when pilot testing look out for a failure to answer questions, respondents giving several answers to the same question, and written comments in the margin. These may be indications that the instrument is unreliable and needs revision.

After pilot study the questionnaire items are analyzed using Cronbach Alpha to determine the validity of the measurements. Cronbach alpha value of 0.70 or more is acceptable.

For the large scale survey, the questionnaire will be distributed to 50 workers, customers and stockiest of Koko Minda Food Industries. Large scale survey will be conducted using face-to-face distribution.

### **3.2. Data analysis strategy**

In this study, the researcher will be analyzed by using software Statistical Packages for Social Science (SPSS) version 20 to get the result. The SPSS is a package of programs for manipulating, analyzing, and presenting data. It is also widely used in social and behavioral sciences.

Besides that, SPSS is a Windows based program that can be used to perform data entry, analysis, create table and graphs. SPSS is capable of handling large amounts of data and can perform all of the analyses covered in the text and much more.

Through this study, this software will be conducted exploratory factors analysis to find the basic factors of the data and provide simple summaries about the sample and the measure. Exploratory factors analysis is able to determine the suitable factors for Koko Minda Food Industries's promotional strategy. The factors of promotional strategies for Koko Minda Food Industries are:

- Government support
- Advertising
- Personal sales
- Sales promotion
- Public relation

## **4. RESULT AND DISCUSSION**

### **4.1. Finding 1**

1. Government support
2. Advertising
3. Personal sales
4. Promotion strategy
5. Public relation

All of this factors are promotion mix that in Koko Minda Food Industries's promotional strategy. Government support are important in order to expand and enhance their business. Government support have provide training and capital support for SMEs companies. Advertising, personal sales, promotion strategy and public relation are other of the factors in promotional strategy that used by Koko Minda Food Industries. All of these factors are directly shows that customers and company are both play the main role in the Koko Minda Food Industries's promotional strategy. Koko Minda Food Industries company need to make their customers or consumers aware about their product existing. The awareness of the consumers and customers are important in order to improve their sales and increase their profit margin. They needs to use the right or suitable promotional mix in their promotion strategy in order to bring up or increase their consumer's awareness toward Koko Minda Food Industries's product existing,. Important part in Koko Minda Food Industries's promotional strategy are their own company and their customers or consumers. Both are important to determine the suitable promotional mix of their promotional strategy. In order to increase customers awareness about their product existing they need use suitable promotional mix that they can use in their promotional strategy.

Koko Minda Food Industries need to bring up the promotional awareness toward their customers and consumers. This is because, by doing that their customer will know about their product and their customers awareness of their product existing will be increase. When their customers awareness of their product existing increase, they will be able to achieve better and great profit margin. This study shows promotional awareness towards their customers need to be done by Koko Minda Food Industries in order to increase their customer's awareness of their products existing.

#### **4.2. Finding 2**

The exploratory factors analysis had been run on these all five original factors. From the five promotional mix theory that have been listed, there are only two promotion mix that are suitable for Koko Minda Food Industries promotional strategy. There are government support and personal sales. Government support play the important role for SMEs in Malaysia. Government provide training programs for SMEs company in Malaysia to strengthen their business and to help SMEs company to

bring their business to the next level. Government support are the one of the suitable promotion mix that can be used by Koko Minda Food Industries as SME companies in Malaysia in their promotional strategy. The other best promotion mix that can be used by Koko Minda Food Industries in their promotional strategy is personal sales. The important in personal sales promotion mix is sales persons. Techniques and skills that used by sales person to approach customers are important to deliver the information of Koko Minda Food Industries's products. Customer's awareness toward products existing also increase by using the right person in the personal sales.

The new theory of promotion mix that had been develop in this study for Koko Minda Food Industries's promotion strategy after exploratory factors analysis had been run are:

- Promotional awareness
- Business to customers (B2C)

Promotional awareness are the new theory of promotion mix theory that had been develop from this study for Koko Minda Food Industries's promotion strategy. There is important to Koko Minda Food Industries to make promotional awareness to their customers. This is because, promotion awareness will increase customers awareness about Koko Minda Food Industries's product existing. One of the way in the promotional awareness are how the customers react toward the promotional strategies that had been done by Koko Minda Food Industries. Public relation, great advertising and sales promotion are the way to increase promotion awareness that can be done by Koko Minda Food Industries to increase their customers awareness toward their product existing.

The other theory of promotion mix that been develop in this study for Koko Minda Food Industries's promotion strategy is business to customers (B2C). Business to customer's theory in this study is about how Koko Minda Food Industries react to approach their customers. By giving clear and interesting advertising about their product, Koko Minda Food Industries can gain more customer's awareness toward existing of their product. Customers can gain all the information from clear and interesting advertising. Koko Minda Food Industries also can held an event to appreciate their customer. Customers also will attract to buy in large quantity by Koko Minda Food Industries promotion sales. There is

important for Koko Minda Food Industries to approach their customer in order to increase the customer's awareness of their products and to increase their profit margin in sales. Business to customer is important in Koko Minda Food Industries promotional strategy.

## **5. IMPLICATION OF THE STUDY**

### **5.1. Theoretical Implications**

Theoretical implication are based on the knowledge view that we can get from this study. Theoretical implication will discuss from knowledge point of view. For Koko Minda Food Industries there are some benefits that can improve Koko Minda Food Industries. From this benefits Koko Minda Food Industries can use all of that benefits to increase their sale to gain better sale and increase their profit margin.

#### **5.1.1. New promotional mix for new promotional strategy**

Koko Mindas Food Industries can know the suitable promotion mix that can use in their promotional strategy. Originally Koko Minda Food Industries have five based of their promotion mix that they used in their promotion strategy. There are government support, advertising, personal sales, promotion sales and public relation. After this study are done at Koko Minda Food Industries, they know there are only two of their original promotion mix that they used are suitable on their promotional strategy. There are government support and personal sales. For the new promotional strategy for Koko Minda Food Industries there are new promotional mix that added from the two that can be used to improve their customer awareness toward their product. The new promotion mix that can put in order to improve their promotional strategy are promotional awareness and business to customer (B2C).

#### **5.1.2. SMEs industries and food industries has unique promotional strategy**

This study also shown that each types of industries has their own promotional strategy. For this study, SMEs and food industries have been tested. Study shows that SMEs and food industries in Malaysia have their own promotional strategy depends on their location, product and others factors that effecting their promotional strategy. In this study, researcher notice that to improve customer awareness toward existing are important in order to know what are the suitable promotional



mix that they can use in their promotion strategy and from a better promotion strategy they can improve their sale and gain more profit margin.

## **5.2. Practical Implications**

Practical implications are indicated to the practical practice that the researcher got from this study. This practical implication can be used in the real industries. Practical application will generate and bring the better implication towards the industries in certain market. For this study, market of food industries in Malaysia had been chosen. There are several practical implications that the researcher gains for food industries in Malaysia generally and specially for Koko Minda Food Industries.

### **5.2.1. Improvement of customer awareness, sales and profit margin.**

Koko Minda Food Industries can improve their customer's awareness toward their product. By using the suitable promotion mix in their promotion strategy, customer's awareness about existing of their product will be increased and this will influence their sale of their product and they will gain better profit margin. There is the same goes with other company that involves in food industries in Malaysia market. This study shows that in order to increase sales and to gain better profit margin, each company needs to increase their customer's awareness toward existing of their product.

### **5.2.2. Specific to Koko Minda Food Industries and similar industries**

This study is specific to Koko Minda Food Industries and to the similar industries that are based on food industries in Malaysia. They can use this study to improve their sales but they need to redo and do some extra research according to their product, location and other factors that effecting their customer's awareness toward their product. By using this study as based for research in their company they can improve their sales and their profit margin by gain more customer's awareness and made their product more familiar in Malaysia market.

### **5.2.3. Policy Maker's Implications**

For policy maker in Malaysia such as for SMEs company like Koko Minda Food Industries are government. This responsibility policy maker need to do training assistance for SMEs in order to enhance SMEs business into next level and be the one of the industries that support Malaysia economy by providing skilled and trained employee.

Policy maker also can provide capital assistance in form of grants and loan for SMEs. By doing that way, SMEs company like Koko Minda Food Industries can expend their business and make their product more quality not only in form of product but also in form of service that SMEs company can offers to their customers. Government supports are important to the SMEs companies.

Government can provide training support for SMEs companies like Koko Minda Food Industries. By providing support in training of SMEs companies including their owner, founder or workers, the guarantee for performance and sales can be improved in term of quantities and qualities. When the SMEs improved their quality of work by training that they got from government programme, the sales and their profit margin will increase and not possible SMEs companies can be one of the main contribution in order to increase and support Malaysia economy.

Other assistance that government can provide for SMEs companies is capitals assistance. When we care capitals assistance we not talk about only money but we also talk about other capitals assistance such as machinery or land for SMEs companies. Real estate that SMEs companies can build a better and bigger facilities in order to produce better and more quality product. Capitals are the most critical problems for most of SMEs company need to face.

Most of SME that turn failed at the end are because lacking of the capital. For SME such as Koko Minda Food Industries, they begin their business with small enterprise and success to develop to bigger company because government support that they get in term of money and machinery. For example at the beginning of production of Koko Minda Food Industries there are many manual machines and there only have small production. By time goes by, with government support, Koko Minda Food Industries able to expend their business and now Koko Minda Food Industries have many automatic machine that they get from government assistance.

## 6. CONCLUSION

As conclusion, the objectives of this study are to determine the promotional mix that can be used by Koko Minda Food Industries in order to improve customer awareness of their product existing. By improve customer awareness towards Koko Minda Food Industries's product, they can improve their sales and gain more profit margin. The result of the study shows that government support and the personal sales are suitable factors in Koko Minda Food Industries's promotional strategies that researcher got from the original promotion strategy that been used by Koko Minda Food Industries . the result of exploratory factors analysis that been run to get the result of this study shown that are other factors that can be used by Koko Minda Food Industries in their promotional strategies are promotional awareness and business to customers (B2C). By adding this two new factors in their promotional strategies, they can improve customer's awareness toward their product and so on will bring better sales of their product and directly will improved their profit margin. Therefore, from this study, researcher assume that this study are success and fulfil the objective of the study that have been stated and positively the researcher argue that this study have archived their aims.

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