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Marketing Framework of Small and Medium Enterprises (Smes) Based on Marketing Mix of Syariah

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ABSTRACT

The effort of businessmen in marketing is a form of *mu'amalah* that is justified by Islam when all processes such as creation, offer and change of value are maintained from the elements set forth in the Qur'an, Hadith, and *ijtihad* of the *ulama*. Small and Medium Enterprises (SMEs) internally still experience various obstacles in developing their business. Product marketing is still conventional; limited marketing range; more emphasis on the validity of low prices; less attention to quality; marketing spontaneously and impressed as is. The purpose of study determines the implementation of marketing - based sharia by applying the principles that are theistic (*Rabbaniyyah*); Ethical (*khlaqiyah*); Realistic (*Al-Waqiyyah*); and Humanistic (*Insaniyyah*) in a combination of variables: Product, Price, Place (Distribution), Promotion, People, Process, and Physical Evidence. The method used a Research and development approach. The population of SMEs processed by marine fish in Kenjeran district of Surabaya, with a sample of 45 SMEs. The results showed that the marketing mix of SMEs based on sharia marketing from product elements and pricing of products that have been traded have been carried out in *Syar'i*. Distribution is done directly, without intermediaries and free of monopolistic practices. Promotions are carried out simply but still maintain honesty. The process of providing information was carried out by marketers that is generally accountable. The marketer avoided speculative actions and did not only prioritize personal interests. Elements of physical evidence of SME marketing in general were still not able to provide facilities that display the characteristics of *Syariah*.

KEYWORDS: SMEs, Product Marketing, Marketing Mix of Syariah.

I. INTRODUCTION

The concept of marketing is the concept of totality in the field of marketing, which includes before goods are produced to be traded and post-sale services that can ultimately satisfy consumers. Marketing management is an important factor of the company to be able to achieve marketing excellence. There are 7 (seven) marketing variables, known as "Marketing Mix". Marketing Mix is a series of marketing tools that are used to produce a desired response from various market targets. A combination of marketing variables consisted of Product, Price, Place, Promotion, People, Process, and Physical Evidence that is the core of the marketing system for achieve customer satisfaction.

Through Marketing Mix of *Syariah* the whole process, both the creation process, the offer and the change in values that cannot be anything is the contrary to the Islamic contract and principles of *mu'amalah*. Small and Medium Enterprises (SMEs) as business people internally still experience various obstacles. Related to product marketing, it is still run

conventionally; limited marketing range; focus more on setting low prices without paying attention to quality; marketing spontaneously so that it seems as it is and has not been directed. In addition, the limited ability to promote and compete in the market. Like data from the Central Bureau of Statistics (2013), one of the constraints of SMEs that there are difficulties in marketing. Given that 87.18% of Indonesia's population embraced Islam (Shaw, 2006), it is very relevant to apply the syariah-based model of marketing mix known as Marketing Mix of *Syariah*.

II. THE PURPOSE

The purpose of the study are:

1. Knowing the implementation of the *Syariah*-based model of marketing mix for SMEs in Kenjeran District of Surabaya
2. Analyzing the effectiveness of the implementation of the *Syariah*-based model of marketing mix for SMEs in Kenjeran District of Surabaya

III. LITERATURE REVIEW

A. Understanding Marketing

Stanton (2008) said that: Marketing is an overall system of business activities aimed at planning, pricing, promoting and distributing goods and services that can satisfy the needs of both existing buyers and potential buyers". Meanwhile, according to Yazid (2005) "Marketing is the link between the organization and its consumers. This liaison role can succeed if all marketing efforts are market oriented. Furthermore Alma (2004) states that: Marketing is the activity of buying and selling, and includes activities to distribute goods and services between producers and consumers. The effort to improve capabilities and skills in the SMEs business lead to the success of product marketing (Maro'ah, 2017).

Based on some of the opinions above, it can be concluded that there are two objectives of two different parties namely the buyer and seller that must be achieved by marketing. Marketing is done to (1) assess the needs of potential buyers and (2) attempt to satisfy these needs. Therefore, the important is the role of marketing in determining the smooth running of the company, so that many companies place are the most advance marketing position in their management. A marketer must know in advance about the market that can be entered, both regarding the scale, potential, and market structure to the level of competition that exists.

B. Definition of Marketing Mix

Marketing is the process of preparing integrated communication that aims to provide information about goods or services in relation to satisfying human needs and desires. This process in meeting human needs and desires is the concept of marketing. Kotler and Keller (2008) Marketing Mix marketing strategies contain 7 (seven) important pillars to be able to master market share, namely product, price, promotion, place, process, people, and physical evidence.

Product is everything that is offered to the market to get attention, purchased, used or consumed and it can satisfy the desires or needs of consumers. Product strategy is an important element in Marketing Mix, because it can affect other marketing strategies. Marketing activities are said to be successful if the company is able to influence consumers so that they decide to buy the product, and always strive so that consumers can meet their needs and give satisfaction.

Price is an element that provides income for the company. On the other hand, price is the value of an item or service measured by a sum of money. The price is said to be expensive, cheap or mediocre from every prospective buyer that does not have to be the same. It depends on individual perceptions that are motivated by the environment and individual conditions (Schifman and Kanuk, 2001). The purpose of pricing is several types, namely: in order to survive; maximize short-term profits; to achieve market share dominance and high long-term profits by lowering prices as low as possible; to achieve superior product quality even though with a higher selling price.

Promotion is one of the marketing mix variables that is done to open a new market share or expand marketing network. Promotion is a marketing activity that seeks to disseminate information, influence/persuade or remind the target market of the company and its products to be willing to accept, buy and be loyal to the products offered. Promotional rewards include advertising, personal selling, publicity and sales promotion.

Place/distribution. Place is defined as the product distribution channel to the intended destination, while the service company is defined as a service place. Distribution channels can be carried out directly from producers to consumers, or indirectly through intermediaries. Some existing intermediaries such as distributors, wholesalers, and retailers.

People (Participant) are people who are directly or indirectly involved in marketing. In this case, marketing techniques are applied by utilizing the power of relationships with consumers, so that customer comfort and trust can be created. Some examples: making responsive customer service; giving smile service; prioritizing honesty in measuring/weighing products sold; and guarantee the suitability of the quality of products delivered. The expected impact that there is an increase in customer loyalty.

Process is a marketing technique that shows how services are provided to consumers during product purchases. Like promoting certification; good manufacturing practice; green manufacturing; charity and other marketing processes so as to make people interested in buying because there is a unique marketing process in it.

Physical Evidence. Physical Evidence Marketing is a marketing technique by using media/physical evidence that can be seen/read by people. Several methods are often done such as making brochures, pamphlets, posters, business cards, installing billboards, advertising on buses or other public transportation

C. Definition of Syariah Marketing

Syariah marketing is the whole process, both the process of creation, bidding, and changing of values, there cannot be any things that are contrary to the Islamic contract and principles of muamalat (business). As long as it can be guaranteed a the principle of muamalat storage does not occur, any form of transaction in market is permitted. As stated by Sula (2004) Marketing in syariah is a strategic business that directs the process of creating, offering, and changing the value of one initiator to its stakeholders, and the whole process should be in accordance with muamalah principles in Islam.

Furthermore Kertajaya (2006) explained that the core value of Syariah marketing is integrity and transparency. In this case the marketer does not lie and the buyer makes a purchase transaction because it meets the wants and needs, not because of a discount. Syariah marketing is not just marketing plus syariah, but there are deeper values. Marketing plays a role in sharia and sharia plays a role in marketing. Marketing plays a role in Syariah that Syariah-based companies can work professionally in business, so as to foster consumer

confidence. Sharia plays a significant role in marketing in creating, offering can even change the value of the initiative to stakeholders in the entire process according to Islamic business agreements and principles.

Qardawi (1997) explained that *Syariah* marketing is all activities carried out in business activities, in the form of value creation activities enabling anyone who does it to grow and use benefits. *Syariah* marketing is based on the nature of honesty, fairness, openness and morality in accordance with principled processes in the contract. *bermuamalah* Islami. Furthermore, it is stated that there are 4 (four) characteristics of Sharia marketing, which can be a guide for marketers, namely: (a) Theistic (Rabbaniyyah); (b) Ethical (Akhlaqiyah); (c) Realistic (Al-Waqiah); and (d) Humanistic (Insaniyyah).

a. Theistic (Rabbaniyyah)

The soul of a *Syariah* marketers believe that theistic *Syariah* laws are the fairest, most perfect laws, in harmony with all forms of goodness, can prevent all forms of damage, be able to realize the truth, destroy evil, and spread benefits. Since they feel enough of all his perfection and goodness, they have willing to do it.

b. Ethical (Akhlaqiyah)

Another feature of *Syariah* marketers aside from being theistic (rabbaniyyah), because he puts forward moral (ethical, ethical) issues in all aspects of his activities. This trait is a derivative of theistic (rabbaniyyah) above. Thus, *Syariah* marketing is marketing that promotes moral and ethical values, regardless of religion. Since moral and ethical values are universal values, which are taught by all religions revealed by Allah SWT.

c. Realistic (al-waqiyyah)

Syariah marketing, is not an exclusive concept, fanaticism and rigidity. Neither is the concept of a haphazard, rigid, and 'not slang'. *Syariah* marketing is a very flexible marketing concept as the breadth and flexibility of the Islamic sharia that underlies it. Islamic marketers are professional marketers, with a clean, neat and modest appearance, working professionally, promoting religious values, morality, moral aspects, and honesty in all marketing activities.

d. Humanistic (Al-Insaniyyah)

Another specialty of *Syariah* marketing is universal humanistic. Humanistic understanding (al-insaniyyah) is that sharia is created for humans so that their degrees are elevated, humanity is maintained and maintained, and animal characteristics can be restrained, with sharia guidance. By having humanistic values he becomes a controlled, balanced human (tawazun), not a greedy man, which justifies any means to get the maximum profit. Sharia Islam is a humanistic shariah (Al-insaniyyah). This Shari'a was created for humans according to their capacity regardless of race, color, homeland, and status.

D. SME Marketing Development Model Based on Marketing Mix of Syariah

SME Marketing Concept

The SME marketing concept is a step that underlies the process of developing SME marketing. According to Kertajaya and Sula (2006) there are 5 (five) marketing concepts that underlie SMEs to conduct marketing activities, namely:

- a. The concept of production insight is that consumers choose products that are easy to obtain and cheap in price so the main focus is to improve production efficiency and expand distribution coverage.
- b. The concept of quality product insight argues that consumers can choose products that offer quality.
- c. The concept of sales insight where if the consumer is left alone, the consumer cannot buy the company's product in sufficient quantities.
- d. The concept of marketing insight in which the concept of achieving organizational goals consists of determining the needs and desires of the target market and providing desired satisfaction.
- e. The concept of insight into community marketing this concept argues that the task of the company is to determine the needs and wants and the interests of the target market and fulfill it more effectively and efficiently.

SME Marketing Implementation Based on Marketing Mix of Syariah

After the marketing strategy is established, SMEs need to plan and implement the Marketing Mix of *Syariah* strategy. This strategy is a collection of controlled tactical marketing tools in the form of: products, prices, distribution, promotion, participants, processes, and physical evidence that are packaged and integrated in sharia to produce the desired response in the target market. the value of honesty, fairness, openness and sincerity. The goal is to achieve Marketing Advantages and stakeholders can have added value.

IV. METHOD

The research method used is the Research and development approach. The research stages are as follows:

1. To identify components related to the development of marketing of SME products based on the relevant Marketing Mix of *Syariah*
2. To develop a survey and development research design.
3. To develop a model for developing marketing management of SME products based on Marketing Mix of *Syariah*
4. To test the model for developing marketing management of SME products based on Marketing Mix of *Syariah*in Surabaya.
5. To test the effectiveness of the marketing management model development of SME products based on Marketing Mix of *Syariah*

V. RESULT OF RESEACH

According to the problem, the data related to the implementation of the *syariah*-based marketing mix model for SMEs in Kenjeran Surabaya district that can be described as follows:

1. Research respondents were SMEs processed marine fish products in Kenjeran District of Surabaya (Sample area: Sidotopo Wetan Village, Tambak Wedi, Kedinding, and Bulak Banteng Village). The identification result of the respondent characteristics are:
 - the number of respondents of marine fish processing SMEs: 45
 - 100% Muslim
 - Major processed output: fish & smoked fish crackers
 - business duration: < 3 Years: 26.7%; and > 3 Years: 73.3%

SME status distribution can be seen in the following table:

TABLE I. BUSINESS ENTITY OF CROSS TABULATION STATUS

			Status		Total
			Owner	Businessman	
Business Entity	<3 years	Count	7	5	12
		% within status	25.9 %	27.8 %	26.7%
		% of Total	15.6 %	11.1 %	26.7%
	>3 years	Count	20	13	33
		% within status	74.1 %	72.2 %	73.3%
		% of Total	44.4 %	28.9 %	73.3%
Total		Count	27	18	45
		% within status	100.0 %	100.0 %	100.0%
		% of Total	60.0 %	40.0 %	100.0%

2. Products that are traded have fulfilled the rules:
 - khalalan thoyyiban
 - Khalalan lidzatihi
 - khalalan lighoirihi
 - not gharar
 - the product produced is clearly the shape and benefits
 - products sold are private property
 - the product sold is clearly in quantity and quality
3. Price :
 - payment of cash / cash system transactions: 84.4%
 - transactions not usury: 77.8% (strongly agree) and 8.9% (doubt)
 - the price of the goods is determined fairly
 - Prices are adjusted to the quantity / quality of the goods

- Prices are accepted the same for all buyers
 - 64.4% did not hoard goods and 11.1% were doubtful
 - not deceive buyers
4. Product Distribution :
 - only 1 respondent (> 3 years) / 2.2% manipulated the stock of goods to the buyer
 - product distribution no longer uses certain intermediaries and does not also carry out monopolistic practices of 97.8% each
 5. Promotions :
 - Promotions was carried out honestly
 - 33% of respondents (> 3 years) did not do fake promotions to deceive buyers
 - 100% of respondents made advertisements with illustrated images which :
 - were not scary or scared buyers
 - did not accentuate sexuality
 - were not fictitious
 6. People :
 - marketer provides information that is clear, honest, & does not act speculatively to buyers
 - marketer does not market doubtful items (ownership, substance, manufacturing process)
 - 8.9% (4 respondents with status as owners and managers) paid little attention to aspects of community and environmental interests
 7. Process
 - some marketers have not been able to grow buyer confidence in the product
 - some marketers have not been able to deliver products to buyers according to the agreed agreement of 2.2%
 8. Physical Evidence :
 - 8.9% of marketers do not use Islamic architecture at outlets
 - 8.9% of marketers do not complete worship facilities (mosque / mosque) for buyers
 - 4 respondents did not utilize the attributes of business cards, gifts, brochures

VI. CONCLUSSION

The results of the study show that the marketing mix of SMEs based on syariah marketing from product elements and pricing of products that have been traded have been carried out in Syar'i. Distribution is done directly, without intermediaries and free of monopolistic practices. Promotions are carried out simply but still maintain honesty. The process of providing information carried out by marketers is generally accountable. The marketer avoids speculative actions and does not only prioritize personal interests. Elements of physical evidence of SME marketing in general are still not able to provide facilities that display the characteristics of shariah

VII. SUGGESTION

Some suggestions submitted at the end of this paper are:

“Marketing Framework of Small and Medium Enterprises (Smes) Based on Marketing Mix of Syariah”

1. To improve the competitiveness of MSEs and more *shar'i* in managing the company, it is better encouraged.
2. To strengthen the implementation of the marketing mix of syariah in the SMEs magazine, it is necessary to provide regular assistance in order to enlighten Islamic principles for business people.

Acknowledgment

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