

MARKETING STRATEGY FORMULATION FOR A SIMPLE BEVERAGE BUSINESS DURING THE COVID-19 PANDEMIC IN INDONESIA(CASE STUDY : HEIHEI BOBA BAR)

Anugerah Perkasa Putra¹, Herry Hudrasyah²

¹School of Business and Management/ Bandung Institute of Technology, Indonesia

²School of Business and Management/ Bandung Institute of Technology, Indonesia

*Corresponding Author: First Author¹

ABSTRACT : *The pandemic COVID-19 has had a negative impact on economies around the world. One of the things that has increased is the decline in transactions in the community. The decrease in transactions was caused by the limited space for people to move due to the lockdown policy to suppress the transmission of COVID-19. This of course has a very bad impact on business. One of the most limited industries is the food and beverage industry, especially restaurants and beverage outlets. This has led to a decrease in sales. HeiHei boba bar is a brand that sells milk-based drinks with boba toppings which also experienced a significant decline in sales. Apart from the decline in transactions, the decline in sales figures was also caused by changes in consumer preferences in buying products during the pandemic. This study aims to create a marketing strategy that is in accordance with current market conditions by analyzing the company's external and internal conditions so that it is expected to increase sales of HeiHei boba bars.*

KEYWORDS: *Marketing Strategy, Sales decline, Internal Analysis, External Analysis, HeiHei boba bar.*

I. INTRODUCTION

HeiHei boba bar is a brand that provides milk-based drinks with boba toppings originating from Indonesia with a Franchise concept and has more than 100 franchise partners spread throughout Indonesia. The sales medium of HeiHei boba bar is an outlet with a bar concept and an open kitchen.

The decline in economic activity in the community as a result of the COVID-19 pandemic had a significant impact on the decline in sales of HeiHei boba bar. In addition, the COVID-19 pandemic has also caused changes in behavior patterns and consumer preferences in buying products and shopping, which of course also has an impact on current business.

With changes in behavior patterns and consumer preferences and a significant decline in sales, HeiHei boba bars are required to be able to adapt to current market conditions. Therefore, this study aims to create a marketing strategy that is appropriate and in accordance with current market conditions which is based on external and internal analysis of HeiHei boba bar. With this strategy, it is hoped that sales of HeiHei boba bars can increase.

II. LITERATURE REVIEW

EXTERNAL ANALYSIS

External analysis is a process of identifying the condition of a company broadly which involves observation in an industry. External analysis itself focuses on threats and opportunities that can be avoided and obtained by the company (Gurel & Tat, 2017).

a. PEST

Menurut Samut tanya (2015) is an acronym for four sources of change: political, economic, social, and technological. Analisis PEST sangat baik digunakan dalam menganalisa risiko strategis perusahaan. Dengan analisis PEST maka perusahaan dapat memahami posisi strategisnya dalam sebuah industri dengan begitu perusahaan dapat menentukan strategi yang tepat.

Political

HeiHei boba bar can be said as a company with an MSME scale. Currently, the government provides support in the form of policies in the context of national economic recovery, namely the provision of loan funds of 6% with a total of IDR 190 trillion so that MSMEs can bounce back. Furthermore, the government also issued a special law for SMEs to help regulate the resolution of problems faced by MSMEs such as lack of capital, difficult access to markets, complicated licensing arrangements, lack of training and assistance, and burdensome tax obligations. However, currently there are also policies that are quite difficult for entrepreneurs, especially those engaged in the food and beverage industry, namely the policy of limiting community activities to suppress the transmission of Covid-19. This policy certainly causes a decrease in sales traffic.

Economics

From the writer's observation, the economic factors that greatly influence the HeiHeiboba bar are decrease in purchasing power and deflation. The COVID-19 pandemic has caused a decrease in people's purchasing power, this is due to a decrease in income, this decrease in income occurred due to high layoffs. Citing the statement from the Secretary General of the Ministry of Manpower Anwar Sanusi on the tribune news portal, 29.4 million employees were laid off due to COVID-19. In addition, the weakening of purchasing power was also seen from the deflation rate..

Social

Related to social factors, nowadays people, especially the millennial generation, are very fond of boba drinks. Boba itself is a grain made from tapioca flour that has a sweet taste because it is made by soaking it in a brown sugar solution. The boba trend seems to continue to grow in 2021, according to ussfeed media which discusses the millennial lifestyle, boba drinks have the potential to remain in demand in 2022, this is because of its unique taste and is loved by all people. But what needs to be considered is the type of drink because the boba is only a complement of a drink. innovation is needed in terms of the taste of the drinks served. a blog that discusses culinary, namely kuliner.hops.id also conducted research and concluded that there are three types of potential drinks in 2022, namely cheese tea, drinks with brown sugar raw materials, and boba.

Technology

One of the technological developments that have had an impact on the food and beverage industry is the development of information and communication technology. The information and communication technology in question is the internet. According to data obtained by internet world stats, in 2021 the number of internet users in Indonesia has reached 212.35 million people, which is about 75% of the total population of Indonesia, with this achievement Indonesia is ranked 15th among Asian countries.

b. Porter Five Force's

First published in the Harvard Business Review in 1979, Michael E. Porter's 5 Forces Analysis serves as a framework to analyze and measure an industry's attractiveness based on the degree of its competitive intensity.

Threat of new entrants

The growth of the food and beverage industry is included in a monopolistic market structure where every year it grows at 10% to 15%. With such a stable growth rate certainly, the number of food and beverage providers will always increase every year (Richard, 2019). Thus, currently, competitors from HeiHeiboba bar are not only businesses that offer similar drinks but also there is businesses that offer drinks with other concepts. With the high number of players added to the food and beverage industry, it can be concluded that the threat of new players entering is **strong**.

Bargaining power of suppliers

Suppliers can influence the industry by raising prices or lowering the quality of the products or services they offer (Wheelen & Hunger 2012). With very common raw materials and the large number of companies offering similar products that can also be suppliers for the manufacture of HeiHeiboba bar products, it can be concluded that the bargaining power of suppliers is **weak**.

Bargaining power of buyer

Based on the products offered by HeiHei, the boba bar can be said to have slightly differentiated by creating several signature menus, but overall buyers can switch to competitors easily because the differentiation offered is not so strong and boba drinks are currently common. So it can be concluded that the bargaining ability of buyers is **strong**.

Threat of substitutes

Looking at the products offered by HeiHeiboba bar namely drinks with milk as raw materials and complementary to boba. currently, quite a few competitors are offering similar products. In addition, there are currently many outlets that also offer drinks such as coffee and others that also use boba as a complementary drink, of course, this is also a substitute product for the products offered by HeiHeiboba bar. Therefore, it can be concluded that the threat of substitute products in this industry is **strong**.

Intensity rivalry among competitor

In the case of HeiHeiboba bar, the competition between competitors can be said to be very tight. Competitors from HeiHeiboba bar itself are not only companies that offer the same product, but other beverage providers as previously explained that every year the food and beverage industry grows at an average rate of 10% to 15%, so it can be concluded that the competition in the food and beverage industry is **strong**.

INTERNAL ANALYSIS

Internal analysis is a detailed analysis of the company's condition to find out the company's strengths and weaknesses through a comprehensive analysis of the company's current conditions, inputs and position so that the company can determine a strategy to gain profits through its strengths and cover up weaknesses (Alhawary & Al Hamwan, 2017).

a. Marketing mix

The marketing mix is classified into 4 elements by Jerome McCarthy in Kotler and Keller (2016: 47) which he called the four Ps of marketing: product, price, place, and promotion". However, in its current development, there are new elements so that it becomes 7 elements to improve the sharpness of the analysis of a marketing strategy while the components of the 7Ps are Product, Price, Promotion, Place, Physical evidence, People, Process.

Products

There is 28 menus HeiHei boba bar menus in total, the products offered are not too different from its competitors, but there are some special menus which of course can only be found at the HeiHeiboba bar so this is a unique one. The menus included in the special menu are HeiHeichococoki which is the result of a collaboration with the coki-coki chocolate brand, then HeiHei salted egg, HeiHei sweet corn which is the result of collaboration with the public figure William Gozali. However, this is only done a few times so that over time consumers are quite bored with the menu offered.

Price

The pricing strategy of HeiHeiboba bar is to offer affordable prices. This strategy is used by HeiHeiboba bar as an effort to remain competitive in the midst of a very competitive market condition, because the competition in the food and beverage industry is very tight, which we can see from the increasing number of food and beverage providers.

Promotion

Promotion is part of the marketing strategy, as a step to communicate with the market, using the composition of the promotional mix (Kotler & Keller, 2012). The method used by HeiHeiboba bar to increase brand awareness is to use social media, namely Instagram. The promotion carried out by HeiHeiboba bar on Instagram is by sharing product photos that increase consumers' desire to buy, but the weakness of HeiHeiboba bar management is that they only wait for promotional suggestions from the master franchise, they don't make their own promotional campaigns at all although allowed by the master franchise.

Place

Place as a marketing tool HeiHeiboba bar can be interpreted as a strategic location. HeiHeiboba bar is located in only shopping center that it becomes the main destination for upstream residents for recreation. However, due to restrictions on community activities, sales traffic has decreased.

Process

The process is a procedure, mechanism, and flow of an activity from the beginning to the product to the consumer. Hey, boba bar itself already has a standard operation procedure's (SOP) but the weakness is that employees sometimes still make mistakes in following the SOP so that errors occur and have an impact on the consistency of the quality of the products and services provided, therefore strict supervision is needed.

Physical evidence

Physical evidence is about a theme or a characteristic that distinguishes a product and makes it salable. Concerning these factors, HeiHeiboba bar has a strategic location to attract consumers, besides the open kitchen concept where consumers can see firsthand the boba cooking process is also an added value.

III. RESEARCHMETHOD

This research employs a problem-solving approach to arrive at a solution that will be implemented as improvement or solution recommendations. Problem-solving is the process of defining a problem, determining its cause, identifying, prioritizing, selecting alternatives for a solution, and implementing a solution. A critical issue is determining how to obtain solutions from various recommendations (Ke, 2013).

This research author used the qualitative research method widely used in various academic fields and market research. Bazeley and Jackson (2013) also explain that qualitative methods are research methods used in certain situations where an in-depth understanding of a process or experience is desired by the researcher.

In this research will be used two types of data collection which are primary and secondary data collection. In collecting primary data, the author collects the data itself through focus group discussions and observations. While collecting secondary data, will go through the research and journal, of other people following what is being sought.

IV. RESULT AND DISCUSSION

Through the use of focus groups discussion for 20 people with different gender age from 15 to 27, they are people who have different professional background and also the target market of HeiHei boba bar. HeiHei boba bar attempts to gain customer insight into market condition, purchasing power, and consumer behaviour. Furthermore, HeiHei boba bar learned from this FGD how and what decisions and considerations customers made when buying product.

FGD questions are designed to meet the needs of current and prospective HeiHei boba bar customers in terms of product, price, customer behaviour, and how HeiHei boba bar can fulfill their need. The following table is FGD questions:

Table 1 FGD Questions and Result

No.	Questions	Results
1	What is the first thing that comes to your mind when you hear about "Boba"?	The majority of participants answered "kind of drink" when they hear about boba.
2	When you hear the word boba, what brand comes to your mind the most?	The majority of participants answered Chatime the pioneer of boba drink product.
3	What part do you like about this product (HeiHei product)?	The majority of them said that they like on point sweetness of HeiHei product.
4	How much are you willing to pay for this kind of product in pandemic situation?	The majority of them is in Rp 15.000,- to Rp 20.000,-
5	How often do you buy boba drinks?	The majority of participants answered they only bought boba products once to twice a week.
6	What keeps you from buying this kind of product?	From the majority explanation they said price factor is their most consideration.
7	What do you pay most attention when buying boba drinks during a pandemic?	The majority of consumers answered promotions such as discounts and bundles
8	With the current pandemic conditions where do you usually get information about boba drink products?	The majority of consumers answered Instagram media on special accounts that discussed food or food vloggers.
9	Where do you usually buy boba drinks during the current pandemic?	The majority of participants answered Grabfood and Gofood (online food delivery services)
10	Suggestions for Hei Hei boba bar?	The majority of participants suggested that they do promotions more often, whether it's discounts price or promotion to spread information about the HeiHei boba bar brand widely

Source: Internal Data

V. CONCLUSION

Based on the external analysis that has been carried out, it can be concluded that the main cause of the decline in sales figures is the impact of the covid-19 pandemic which has caused a decline in people's purchasing power and the restrictions on community activities in visiting shopping centers and restaurants, this certainly has a huge impact on HeiHei boba bar. which is also located in a shopping center. Based on the analysis of internal conditions, HeiHei boba bar does not have a detailed marketing plan and is less aggressive in promoting online, so there are still quite a lot of consumers who are not familiar with this drink brand. This situation is very unfavorable for the company because it causes a decline in financial growth. Innovative changes are needed to address this problem. After analyzing the external and internal conditions of HeiHei boba bar, it can be concluded:

- HeiHei boba bar must do promotions through social media such as endorsement of food vloggers more optimally to be able to reach wider consumers so that they can be more widely known by consumers.
- HeiHei boba bar must take full advantage of the features available on the online food delivery service, such as participating in a discount program or making a bundling purchase promo (buy 2 get 1 free) so that it is expected to increase online transactions.
- HeiHei boba bar must regularly create innovative and unique products that are in accordance with current market trends so that they can be different from competitors and increase consumer desire to buy.

Proposed Solution

Proposed Solution	Action Plan
Plan signature menu creation	<ul style="list-style-type: none"> • Conduct market research • Make a prototype • Conduct food test • Making improvement • Creating SOP • Launching product

Take advantage of the promotional features in the online food delivery services	<ul style="list-style-type: none"> • Make product photos more attractive. • Participate in the Grabfood and Gofood promotional programs.
Promoting through social media	<ul style="list-style-type: none"> • Take interesting product photos. • Researching food vloggers with good traffict and branding. • Doing food vlogger endorsement. • Doing retargeting using Instagram ads. • Evaluation of the results of the activities carried out

ACKNOWLEDGEMENTS

This paper is an essence of the thesis entitled “Marketing StrategyFormulation inPandemic COVID-19 Situation(Study case :HeiHeiBobaBar)”, School of Business and Management,BandungInstituteofTechnology,Indonesia

REFERENCES

Journals and Publication

- [1] Al-Hawary, S. I. S. & Al-Hamwan, A. M. (2017). Environmental Analysis and its Impact on the Competitive Capabilities of the Commercial Banks Operating in Jordan. *International journal of Academic Research in Accounting, Finance, and Management Science*, 7(1), 277-290. ISSN : 2308 -0337
- [2] Bazeley, P. & Jackson, K. (2013). *Qualitative Data Analysis*. London : Sage Publications Ltd
- [3] Gurel, E., & Tat, M. (2017). SWOT Analysis: A Theoretical Review. *The Journal of International Social Research*, 10, 994-1006.
- [4] Ke, C. K. (2013). Research on optimized problem-solving solutions: Selection of the production process. *Journal of Applied Research and Technology*, 11(4), 523–532. [https://doi.org/10.1016/s1665-6423\(13\)71559-1](https://doi.org/10.1016/s1665-6423(13)71559-1)
- [5] Porter, Michael E. "The Five Competitive Forces That Shape Strategy." Special Issue on HBS Centennial. *Harvard Business Review* 86, no. 1 (January 2008): 78–93.
- [6] Sammut-Bonnici, T. and Galea, D. (2015). PEST analysis. In *Wiley Encyclopedia of Management* (eds C.L. Cooper, J. McGee and T. Sammut-Bonnici). <https://doi.org/10.1002/9781118785317.weom120113>

Website

- [7] Djumena, E. DampakPandemi Covid-19 PemerintahAkuiDayaBeliMasyarakatMelemah. Retrived 20 September, 2021.<https://money.kompas.com/read/2020/10/06/050800026/dampak-pandemi-covid-19-pemerintah-akui-daya-beli-masyarakat-melemah>
- [8] Fika, N.U. Indonesia ResmiResesiPertumbuhanEkonomiNegatifDiprediksiHinggaKuartal IV. Retrived 20 September, 2021. <https://money.kompas.com/read/2020/11/05/121813026/indonesia-resmi-resesi-pertumbuhan-ekonomi-negatif-diprediksi-hingga-kuartal?page=all>
- [9] Hamdani, T. Corona HantamIndustriMakanandanMinuman. Retrived 19 September, 2021. <https://finance.detik.com/industri/d-4993012/corona-hantam-industri-makanan-dan-minuman-ini-datanya>
- [10] Setyowati, D. Pengguna Internet Indonesia NaikJadi 197 Juta. Retrived 19 September, 2021. <https://katadata.co.id/desysetyowati/digital/5fa911794f3e6/pengguna-internet-indonesia-naik-jadi-196-7-juta-peluang-bagi-startup>

Books

- [11] Kotler, P. & Keller, K. L. (2012). *Marketing Management*. 14th Ed. New Jersey : Prentice Hall.
- [12] Wheelen, T. L., & Hunger, J.D. (2012). *Strategic Management and Business Policy : Toward Global Sustainability*. 13th Ed. New Jersey: Prentice Hall