

Marketing Strategy of small medium enterprise (SME) in Malaysia: Consumer Market, Market Segments and Brand Positioning of Ramly Group, A Food Processing Company

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ABSTRACT: For food industries, fast food chains business had been one of the most popular business in the world where the leading companies are from foreign country outside Malaysia such as McDonald's®, BurgerKing® and Subway®. Ramly Group had been one of the most popular local fast food chains in Malaysia and had been operating in Malaysia since 1980 that focused on producing Halal and cheap product with the same quality with the high-end fast food chains product. Marketing strategy had been one of the strategy used by companies in maximizing profit. In this paper, the marketing strategy utilized by Ramly Group were identified in scope of (i) the consumer and business market, (ii) the market segments and targets and (iii) the brand positioning and brand equity.

KEYWORD: Fast-food, marketing strategy, consumer behaviour, segmentation, brand positioning

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I. INTRODUCTION

Ramly group is a local Bumiputra owned small and medium enterprise that was founded in 1984 by Dato' Haji Ramly Bin Mokni and wife, DatinHjh. ShalaSiah Abdul Manap. The main aim of the Ramly Burger is to produce Halal, hygienic and high quality product. The firm is under the name Ramly Food Processing Sdn. Bhd. and there are 10 subsidiaries operating under Ramly Group. The Ramly Group's brick and mortar store are Ramly halal mart under Ramly Halal Mart Sdn. Bhd. subsidiaries, kiosk under Ramly Halal Kiosk Sdn. Bhd. and burger stall under Ramly Food Processing Sdn. Bhd. The most popular product sold by the group is the burger that is sold in small burger stall that approximately consisted of 25,000 stalls around Malaysia. Their focus is on fast food products sold in the store or the stall and is the main focus for this article. This article only focused on Ramly Group's business in Malaysia.

For a firm that have multiple subsidiaries and have franchise all over Malaysia, it is important for them to have a strategy to ensure smooth and highly profitable business. This article will discuss the strategy used by the organization that can be seen from how they manage their location in Malaysia. All of the subsidiaries of Ramly Group have their significant role in the business. In competing in the market with many big players has already is in the market, Ramly Group's goods and service must have a competitive advantage.

There are three part in this article that are the scope of this article. The first part will discuss on the consumer and business market. The second part is in identifying the market segments and targets. The final part is on how the firm craft their brand positioning and creating brand equity.

PART 1: ANALYZING CONSUMER MARKETS AND BUSINESS MARKETS

1.1 Consumer Market in Consumer Behaviour Point of View

Consumer behaviour is the study on how consumer select and buy products that can fulfil their needs and wants. Consumer behaviour is affected by three factors that are cultural, social and personal (Kotler & Keller, 2016). Companies must tackle all of these factors to increase the number of buyers from the desired consumer segment.

There are many definition of culture that had been established by many scholars. From an article by (Spencer-Oatey, 2012), culture can be defined as a set of values, beliefs, orientation and procedures of a group of people where each member will influence each other from the behaviour showed. It means that the behaviour of one of a group member can influence the behaviour and interpretations towards others members' behaviour.

Different culture in a region or a country will influence the consumer behaviour. Yakup & Jablonski, (2012) stated that culture can be further divided into culture, subculture and social class where a company can specifically target the aspects in culture to make specific aim and will have an accurate assumption for making the strategy in marketing. Social factors that can influence consumer behaviour includes reference group, family members, relatives and social status. A research done by Sethi & Chawla, (2014) found that the social influence will varies between different area that are urban, rural and semi urban area. Personal factors that will influence consumer behaviour are age, occupation, economic level, lifestyle and personality (Pareira et. al, 2010). Different industries will have to aim different factors in consumer behaviour because only a certain factors is considered important for the companies in a specific industries.

Ramly group strategy in tackling consumer behaviour from cultural factors in Malaysia is the main strategy of the group that is producing Halal product that target the majority religion in Malaysia that is Muslim. About 61.3% Malaysia's population is Muslim stated in Department of Statistic Malaysia (Portal Rasmi Jabatan Perangkaan Malaysia, 2011) Ramly group from the start of the business mainly aimed at producing Halal product with the same quality with other fast food chain product. With differrent fast food franchise coming into Malaysia, the consumer that have doubt on the 'Halal' certification from the franchise can eat products sold by Ramly group company produced by their subsidiary, Ramly Food Processing Sdn. Bhd. The processing of the product follow a meticulous procedure to ensure the best Halal meat based product in Malaysia is produced. Social class in Malaysia is also one of the important factors of consumer behaviour that Ramly Group emphasised on. They aimed at producing a fast food that is more affordable by the M40 and B40 class in Malaysia. M40 and B40 is income group with RM 6275.00 and RM 3000.00 household income respectively (Takrif Isi Rumah Mengikut Pendapatan, 2019). With big fast food chain in Malaysia such as McDonald® and BurgerKing® and newly emerging foreign fast food chain such as Wayback Burgers® and FuelShack®, Ramly group burger competitive advantage is offering low price burger sold in their small burger's stall that is more affordable to the lower income families but with the same or nearly same quality. Ramly's burger is a burger that have tackle the social factor in Malaysia as the product is well known by all citizen in Malaysia and even outside Malaysia. Ramly burger succeed to dominate the social media because there are many review on their products without they even have to pay for the free advertising. For personal factors affecting the consumer behaviour in Malaysia, the convenience to buy the Ramly's product either from their burger stall, Halal kiosk, Halal Mart and supermarket greatly benefits the citizen with different occupation. Workers that work until night will easily obtain the burger product from the burger stall that can easily be located everywhere in Malaysia. Forbes (2019) stated that convenience is meant by obtaining the product within reasonable walk or drive. Ramly's burger stall have high advantage in making sure the convenience to obtain their product is high by having many burger stall. Their product either their burger or other meat based product can be consumed by all age and it is loved by the kids. The easy service with no complicated method also attract customer to choose their product.

Others big player in fast food chain business have the advantage for advertising and sale promotions will affect the consumer behaviour that is the rational of people to buy their product although the price is higher although quality are not much different than the local fast food product (Asamoah & Chovancova, 2011). Convenient location, good service and good price for Ramly's burger stall correlate with a research done by Ashraf (2014) where these are the important factors in fast food marketing in Bangladesh.

1.2 Business Market and the Buying Centre

Business market is the sell of services and goods to customer that use that goods and products for their own production (Lilien, 1987). Business market although similar with consumer market, need to be handled differently. Ramly group had been supplying to local distributor around Malaysia. The distributor is the one that will be supplying to the retailers such as Ramly's Burger stall. Buying centre is the one that is involved in the purchase decision and they are the Initiator, users, influencers, deciders, approvers, buyers and gatekeepers(Chand, 2015). If not all, Ramly Group method will influence the decision making by attracting the component of the buying centre. In attracting the buyers, by producing a simple and convenience way to buy their product, it will attract the buyers. Ramly group even form a subsidiaries to manage the business to business activity that is the main distributor, Ramly Food Marketing Sdn. Bhd. Ramly group even have an online procurement system where the buyer that want to buy in small quantity can purchase their product by going into the website, www.ramly.com.my. Other than that, Ramly Group's effort in attracting the initiators and influencers is by ensuring their product will always have the buyer by making advertisement and tagline such as "Pastikan Ramly, Baru Beli" that translated to "Make Sure it is Ramly, Then Buy". This tagline will make end user or the burger stall business owner to be more aware in choosing the product in ensuring the product they chosen is Ramly's branded product. Besides, good price and quality will attract the deciders and approvers

that will make the final decision to buy Ramly's product. Finally, the one that can be considered to be the most vital buying centre component is the gatekeeper. Ramly Group is a family business that aims to give business opportunity to people in Malaysia will have good public relation and it will be easy for them to get pass the gatekeeper and proceed with negotiation with the other buying centre component.

PART 2: IDENTIFYING MARKET SEGMENTS AND TARGETS

In order to make maximum sales with high profit, it is important for Ramly Group have a target market segment which consist of 4 types that are geographic, demographic, psychographic and behavioural segmentation. Two important segmentation that are important for the fast food chain and frozen product sold by Ramly group are geographic and demographic segmentation.

2.1 Geographic Segmentation

The important and common geographic variables for geographic segmentation are (i) regions which are rural, suburban and urban areas and (ii) climate (Kokemuller, 2019). Ramly Group chosen to make their business in all rural, suburban and urban places because they had done their research and both the places showed the opportunities for them. Climate as a geographic factors are not very important to them because Malaysia have almost the same climate throughout the year and although there will be raining season, it will not much affect their business. Ramly group's brick and mortar store are the burger stall, Halal Mart, Ramly Kiosk and Ramly Café. For their burger stall, the location is usually chosen by the business owner that chosen their place of interest. Target for the burger stall is usually in Suburban and rural area where the stalls are located flat residence area and apartment. The stalls are also located at the shops and restaurant located at the rural and suburban areas. For Ramly Halal Mart, majority of the mart are located in Kuala Lumpur and Selangor that are two of the most developed states in Malaysia and can be classified as urban areas. These two states consisted of high population density and high infrastructure. The market of the Halal Mart will be great in these places. Their Halal Café and Halal Kiosk is only located in Kuala Lumpur where the café and Kiosk concept is well known by the people living in urban area.

2.2 Demographic Segmentation

Demographic segmentation are the segments based on age, life-cycle, gender, income and generation. For Ramly Group business, the demographic segment based on age, life-cycle and gender is not vital therefore there are no products that target these segments. One of the important segments for Ramly Group is income. All the products made by Ramly Group have a low selling price and it will be favoured by the lower income citizen in Malaysia for example the B40 and M40. For the business market, Ramly Group have developed a strategic partner group that target the lower income segment to develop their business with the help by Ramly Group consultancy and capital investment. Another important demographic segmentation is that which is based on generation. By generation it means are the religion. Because Ramly Group's product major in beef based product, it will be sensitive for the Hindu residents and Ramly Group must make sure to avoid the area where there are many Hindu resident. Ramly Group will have higher rate of success if they sale in the segment with higher number of Muslim resident because Halal and high quality product sold by them will surely more attracting for the Muslim's.

2.3 Multi-Segment Marketing by Ramly Group

Targetting a specific segment is important for a firm to develop the most suitable strategy to maximize their profit (Thomas, 2017). Ramly Group method of multi-segment marketing is very suitable to be used Malaysia because of multiracial and multi-religious society in Malaysia. By targeting multiple segments, the firm can make the best decision that will highly benefit them.

PART 3: CRAFTING THE BRAND POSITIONING AND CREATING BRAND EQUITY

3.1 Brand Positioning

Brand positioning is the place in the consumer mind that the business want to put that are the what the profit that the consumer can get when they are thinking of the product (Brand Positioning Strategy, 2019). The product made must satisfy the needs of the consumer and at the same time unique. Three important foundation for crafting brand positioning are first to know the frame of reference, second is to identify the point of parity (POPs) and point of difference (PODs) and the third is the brand mantras (Kotler & Keller, 2016).

3.1.1 Frame of Reference

Frame of reference in other word is the competition that are the brands that have similarities (Keller et al., 2002). For Ramly Group to compete in the world of fast pacing innovation and open door policies of Malaysia, they must first know the competition they are facing. From Ramly Group's fast food chain point of view, their major competition is the foreign fast food chain such as McDonald's® and BurgerKing®. Ramly Group know that they must compete with these big player in fast food chain that sold the product with the same category membership with them. They must analyze all the competitive advantage and the weakness and turning it into their advantage and to avoid competing in the area where they have the most competitive advantage. Example of analysis is SWOT analysis that popularly recognized as a tool to identify the strength, weakness, opportunity and threat. Example of strength of those fast food chain big player is the advertisement and high-end style of stores. If Ramly Group try to compete in that area, it will be costly and Ramly's business will be at stake because of loss. Ramly Group hence compete in pricing and convenience to get their product that are the competitive advantage for Ramly Group and if the big player try to compete with Ramly Group in that area, their business will be the one at stake.

3.1.2 POPs and PODs

Points of Parity (POPs) and Points of Difference (PODs) are developed from the analysis from the frame of reference (Keller et al., 2002). Point of parity is the attribute shared with others. It is important for the company to know the point of parity because consumer is more attracted to the product that they can recognized easily and more familiar with them. The Point of parity can be the one that the customer set in mind if the they one to make a decision. For example, Ramly's burger can be categorized together with other fast food chain that sold burger as their main product. For a small medium enterprise like Ramly Group, it is important for them to search the POPs with the big player to tackle the mind of the consumer for competition purpose. However, customer loyalty to the brand that affected by service quality and satisfaction is the one with low parity (Iyer & Muncy, 2005). The one that will improve the customer loyalty is the PODs.

PODs of Ramly's product is the price, convenience, halal and local public relation. Firstly, the price of Ramly's product for example the fast food sold in the burger stall is far cheaper than the burger sold by the big player's burger and it is difficult for the big players' fast food chain to compete with the price offered by Ramly's burger. Next, convenience to obtain the product made by Ramly group either frozen or fast food is one of the competitive advantage owned by them and can become the point of difference with others. Other than that, easy payment method and ease of choosing from list of product especially from Ramly's burger stall will make it easier for the elders to buy their product. Although the big players have a sophisticated and modern system of purchasing, it is not convenient for the elders and they usually will have problem when try to purchase the products. Traditional payment method with simpler and straight to the point list of menu can highly influence the elders to purchase their item. Furthermore, one of the most specialty of Ramly's frozen and fast food product is the confidence of the consumer to the Halal status awarded to the company. The company's top management consisted of Muslim that subsequently increase the trust of the consumer to the Halal product produced by Ramly Group. Last but not least, another PODs is the local public relation. All the big foreign fast food chains companies have advantage in advertising and making big event to value their customer as part of the strategy to attract more customer. However, Ramly Group have the advantage as the local producer in the country and the consumer will look at the company as an organization that is like their family that eventually make Ramly Group to gain goodwill from all over the country. A business that is situated in a community have the chance to gain great goodwill from local residents and can trigger the customer sense of nationalism (Rarick, 2004).

3.2 Creating Brand Equity

Brand equity is the perception of the customer towards the brand name and not the service and products offered. It means that the name of the brand is enough for the customer to recognize and the brand will be the first one in the thought of the consumer when they are thinking of the product in a certain category (Pullig, 2008). Brand equity is developed from advertising and the product offered. Ramly Group most successful product that have positive brand equity is the burger product sold from the Ramly's burger stall located all around Malaysia. Although the product is of lower-end product of western style burger, the product can still be among the choices that a Malaysian will think about when they feel the craving for burger. However, Ramly's name will always be in the mind of Malaysian that wanted to eat a burger product that is cheaper and more suitable with the taste of Malaysian. The ability of Ramly Group to understand Malaysian's taste make them able to build their name and eventually developing their brand equity.

II. CONCLUSION

Companies must be able to identify their strength and weakness to channel the right strategy that can be used as the competitive advantage in their respective industries. Ramly Group is a very experienced company in Malaysia and had been using very effective marketing and business strategy in doing their business. The competitive advantage of this firm is very unique to be compared with the big fast food chains company and it is important for them to continue this momentum to remain relevant in fast food industries despite the heavy competition coming from foreign country. However, it is recommended for them to utilize other scope in marketing strategy with deeper understanding to fully realize their potential. For example, in understanding the consumer behaviour, they can try to understand the four key psychological process that are motivation, perception, learning and memory where they can dig deeper into what customer wants. Besides, they can develop a good brand mantra besides their tagline where consumer can have more confidence on their product. This way, Ramly Group will be a company that will be leader in fast food marketing and all the consumer in Malaysia will fully understand what the company is about.

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