

Original Article

Revitalizing Umrah Pilgrimage Agencies in Indonesia to Enhanced Customer Engagement and Growth: Leveraging Digitalization and Personalized Marketing Communications Approach.

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Abstract: This explores the challenges faced by Umrah pilgrimage agencies in Indonesia in light of the globally accelerated digitalization during the pandemic era. Marketing methods are becoming outdated, and in the Umrah industry, a saturated market presents serious challenges. Customers are better informed and not as easily manipulated by wide marketing communications. Hence, there is a need for a new marketing communication approach to improve customer satisfaction and engagement and to achieve the company's growth objectives without using the price cut-down technique to keep company offerings valuable in the customers' eyes. Moreover, through differentiation and proper positioning, the organization can guarantee sustainability in the growth of the company. This paper adopts a mixed-methods approach that combines qualitative and quantitative analysis to achieve the above goals. This methodology makes it possible to identify key consumer personas and, hence, go deeper into their preferences and behavior. This strategy not only stresses the need for personalization in marketing efforts but also emphasizes the critical role of digital marketing initiatives and a strong CRM system. The results have captured the essence of the fact that these factors are essential in helping achieve sustainable success in this competitive market and pave the way for Umrah pilgrimage agencies to flourish and properly service their customers.

Keywords: Umrah, Umrah Industry, Umrah Pilgrimage Agencies, Marketing Challenges, Pandemic, Customer Engagement, Customer Satisfaction, Marketing Communications, Personalization, Customer Relationship Management, Competitive Market.

I. INTRODUCTION

The Indonesian Umrah pilgrimage market is experiencing significant changes, driven by factors such as increased accessibility, the growing effect of technology, and changing lifestyles in terms of pilgrimage practices. These changes in the market environment provide both opportunities and challenges for providers of Umrah services. During the last three years, competition in the sector has been at its peak level, with an impressive growth of 56.6% (Kementrian Agama, 2024). However, this competitive dynamic is accompanied by significant changes to the customer journey that are now complex and demanding to the provider. Consumers are now more discerning and informed: they can do much research before making a decision over multiple options. This ease of access to information becomes both a challenge and an opportunity for the provider. Engaging in the information exchange may make the company shape their brand and values in the mind of the customers.

Hence, traditional marketing techniques would not be enough to influence the customer's choice, and innovative strategies have to be developed to engage potential clients. The presence of many agencies competing for the attention of a limited pool of potential customers often leads to downward pressure on prices and diminished profit margins. This scenario often forces companies into price wars, ultimately putting them at a disadvantage. Therefore, it is imperative for agencies to differentiate themselves through distinctive offerings, exceptional customer service, personalized marketing approaches, and effective digital marketing strategies to thrive and grow in this competitive environment.

This study specifically examines RML, a Jakarta-based Umrah agency, with a focus on evaluating its current marketing strategies and assisting the company in refining its approach to align with the latest industry trends. First, the research started by identifying the market size and building key market segments and targets. It also highlighted the attainment of service excellence by improvement in core services and enablement of supplementary services as a unique selling proposition. Finally, the study recommended a holistic marketing communication plan to communicate these strategies effectively. The overall objectives of this study are to attain sales growth and sustainability for the company.



II. LITERATURE REVIEW

A) *Changing Customer Behavior*

Customers' attitudes towards the Internet have changed dramatically over the past two decades. In consumer markets, shoppers are becoming more attuned to buying online and digital technologies enable them to be well-informed when making purchasing decisions (Chaffey and Chadwick, 2016). This shift has led to consumers utilizing a wealth of information at their fingertips to compare products, read reviews, and evaluate prices effortlessly.

Traditional retail forms are being challenged, and enterprises are already looking to expand and improve their online presence and the user experience both on their websites and mobile applications. Social media have come to be essential communication channels between a brand and its customers, by which brands can literally reach their customers, show off their products, and get real-time feedback.

This evolution in consumer behavior not only requires companies to adopt more agile marketing strategies but also compels them to prioritize transparency and authenticity in their messaging. Companies must leverage digital tools to personalize their marketing efforts and maintain ongoing communication with their audience. Businesses that can adapt to these changing dynamics will be better positioned to build loyalty, drive sales, and thrive in the competitive digital marketplace.

B) *Service Excellence*

Well-managed service companies that achieve marketing excellence share a focus on customer-centricity, a commitment to service quality, an understanding of the need to cater to high-value customers, and the implementation of strategies for managing customer complaints (Kotler et al., 2022). By prioritizing customer-centricity, these organizations actively seek to understand the unique needs, preferences, and pain points of their customers. They often employ data analytics and customer feedback mechanisms to gain insights into customer behavior, which allows them to tailor their services accordingly. This proactive approach not only helps in aligning offerings with customer expectations but also enhances the perceived value of the services provided.

Streamlining the process in all the touchpoints by leveraging digitalization is also a crucial method; however, the human touch in this interaction is still needed due to the characteristics of the customers faced in this industry.

C) *Segmentation, Targeting and Positioning*

To succeed in our over-communicated society, a company must create a position in the prospect's mind, a position that takes into consideration not only a company's own strengths and weaknesses but those of its competitors as well (Trout, 1997).

Service firms vary widely in their ability to serve different types of customers. Hence, rather than trying to compete in an entire market, perhaps against superior competitors, each firm should adopt a strategy of market segmentation. It is usually not realistic for a firm to try to appeal to all potential buyers in a market because customers are varied in their needs, purchasing behavior, and consumption patterns, and often too numerous and geographically widely spread. Focus means providing a relatively narrow product mix for a particular target segment (Wirtz and Lovelock, 2016).

By narrowing in on specific market segments, companies can tailor their offerings and marketing messages to better meet the distinct needs and preferences of those groups. This targeted approach allows for more effective resource allocation, enabling firms to invest in strategies that yield the highest return on investment. By understanding the unique characteristics of their target segments, service firms can develop deeper relationships with their customers, leading to increased loyalty and satisfaction. Put the right customers in the right hands so that the company could tailor the expectations expected from the customers and finally ensure the satisfaction of the customers.

D) *Marketing Communication*

One of the key roles of marketing is to communicate value and build trust with the customers, allowing brands to influence behaviors (Kotler et al., 2024). By effectively conveying their unique selling propositions and the benefits of their products or services, brands can create a strong emotional connection with their audience. This connection not only encourages customer loyalty but also empowers customers to make informed decisions based on their perceived value of the brand. Through consistent and transparent communication, companies can address customer concerns, offer personalized experiences, and differentiate themselves in a crowded marketplace, ultimately driving sustained engagement and repeat business.

This marketing communication could also help the company to reshape the minds of the customers based on their objectives. They can create a new way of thinking regarding the Umrah pilgrimage – like AirAsia's motto of "Anyone can Fly" – and furthermore gain an advantage from the pre-shaped customers' minds into their services and get better market penetration.

E) Previous Research

There will be a significant struggle for power between the retailer and the consumer in the future as the consumer becomes more informed and demanding. In business markets, some of the same principles apply, but the balance of power is less likely to be determined by the Internet per se, as the technology plays a more facilitative role in purchasing and communication; this is because personal relationships currently tend to be of greater importance when negotiating sales than remotely transacted arrangements (Doherty and Ellis-Chadwick, 2011). While digital tools provide essential support for transactions and information sharing, the nuances of face-to-face interactions, trust-building, and long-term relationship management remain critical components of successful business engagements. Especially in the industry with services as a product, the human touch still has a fair share of ensuring service excellence and assuring customer satisfaction.

Customer retention consists of the three components mentioned above: customer satisfaction, customer loyalty, and customer profitability. Customer confidence influences repurchase intentions and word-of-mouth advertising. The more a customer's confidence in a business, the more likely he will be to suggest it to others (Nurdiani and Alie, 2022). Building this confidence stems from consistently delivering on promises, providing exceptional service, and understanding customer needs. When businesses prioritize effective communication and actively solicit feedback, they can better address any concerns, refine their offerings, and enhance the overall customer experience. Responsive companies that demonstrate a commitment to their customers foster a sense of trust, encouraging not only repeat purchases but also advocacy among satisfied clients. The company also needs to ensure the customers that the final delivery services and products are beyond what they've spent and they gain much more from it, both tangible and intangible aspects.

As competition intensifies in the service sector, it is becoming ever more important for service organizations to differentiate their products in ways that are meaningful to customers (Brown, 2001). With numerous providers offering similar services, the ability to stand out is crucial for attracting and retaining clientele. Businesses must focus on understanding their target audience's specific needs and preferences to create unique value propositions that resonate deeply with them. Targeting multiple segments could lead to unclear messages that are received by the customers and create confusion.

F) Research Hypothesis

Hypothesis 1: Service organizations that effectively segment their target markets will demonstrate greater competitive advantage and profitability than those that attempt to appeal to the entire market.

Discussing the behavior of customers nowadays, some of the customers have specific preferences, especially when it comes to social class; some segments couldn't be targeted with the other segment, and trying to attract entire segments could lead to failing to attract both segments. By narrowing their focus to specific customer segments, companies can tailor their services and marketing efforts to better meet the unique needs of those groups, leading to improved resource allocation and better financial performance.

Hypothesis 2: The perceived value of a brand, communicated through consistent and transparent messaging, is positively correlated with customer advocacy and word-of-mouth referrals.

Brands that effectively communicate their unique selling propositions and benefits to customers instill trust and confidence, which encourages satisfied customers to recommend their services to others. In this area, the organization must keep up their service excellence from time to time, so the delivery services that are imagined and expected by the future customer will be met and the advocacy will be continued and trusted.

Hypothesis 3: Companies that adopt personalized marketing communication strategies will experience a significant improvement in customer satisfaction and loyalty compared to those that rely on traditional marketing methods.

Personalized marketing strategies foster stronger emotional connections with consumers, which may result in enhanced customer satisfaction and loyalty as customers feel more valued and understood. In accordance with that, in this era, social media and digital communication will be a good choice to attract broader customers, lower budgets and massively influence the targeted market. Creating the right contents, contexts, and infrastructures will help the organization to maintain a sustainable competitive advantage and be hard to follow and or replace by the same tactics used by the competitors.

Hypothesis 4: Businesses that emphasize customer-centric practices in their operations will achieve higher service excellence ratings from customers compared to those with a product-centric focus.

Organizations that prioritize understanding and meeting the needs of their customers are likely to deliver superior service experiences, leading to higher ratings of service excellence. Especially in the Umrah industry, which promotes religious journeys with the main customers' objective to pray and be closer to God, the touch of their heart starting from the initial

contact with the company is crucial. If the company could assure the customers that they can make the journey hassle free and they can perform the pilgrimage without additional issues unrelated to the main objective, they'll be more likely to be more confident in choosing that company.

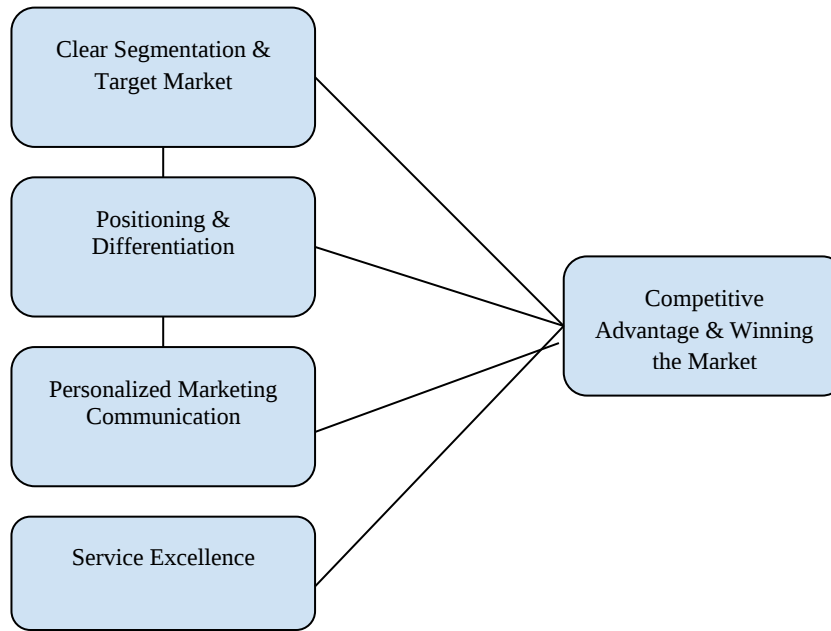


Figure 1 - Research Design

III. METHODOLOGY

A) Research Methods

A mixed-methods research approach was used, combining quantitative and qualitative methods. Quantitative data was gathered through online questionnaires distributed to a sample of 151 respondents. This was needed to gain an understanding regarding what the market needs and prefers in terms of choosing the Umrah provider and what they expected to get from the providers. Qualitative data was collected through five in-depth interviews with past clients and focus group discussions with five internal stakeholders. As past clients could give insights on the sectors that need to be improved, the stakeholders could have an outlook from the internal point of view and finally assess the right resources for the proposed strategy so that there'll be no issue in implementing the strategy.

Secondary data was obtained from academic journals, industry reports, and relevant textbooks. The Slovin formula was used to determine the appropriate sample size for the quantitative survey. All the data collected through the aforementioned methods are analyzed using several frameworks to develop solutions aimed at meeting the company's objectives.

B) Research Frameworks

This research employed several frameworks and methods to analyze the Indonesian Umrah market and propose a marketing communication strategy for RML. The key approaches and analyses are summarized below:

- a. **Competitor Analysis:** Three competitors (identified as MT, ARP, and SU) representing premium, mid-range, and low-cost service offerings were profiled using the 4Ps of marketing (Product, Price, Place, Promotion) and a perceptual mapping technique to understand their market positioning and competitive advantages. This analysis will help RML to position itself in the market and finally, strategically align its implementation with the desired positioning.
- b. **SWOT Analysis:** This classic tool analyzed RML's internal strengths (flexibility, adaptability, Umrah and Hajj licenses), weaknesses (limited resources, lack of digital marketing expertise), opportunities (digital strategies), and threats (intense competition). By analyzing its strengths and weaknesses, the approach taken into consideration by the company could lead to escalating the weaknesses into opportunities while strengthening the strengths.
- c. **STP Framework:** The research used the STP framework to identify target markets, tailor messaging for specific audience segments, and define RML's desired brand positioning. This analysis will help to create a strategy that focuses on the right audiences while keeping the resources used manageable and efficient.

- d. **Customer Journey Mapping:** The 5 A's model (Aware, Appeal, Ask, Act, Advocate) was employed to map the customer journey, identifying key touchpoints and pain points at each stage. This enhanced the understanding of customer interactions with RML and facilitated the identification of areas for improvement while making sure that each point can elevate the experiences carried out by the customers and finally show the distinguished features of the company and aid the commoditization of the products.
- e. **SOSTAC Framework:** This marketing planning framework (Situation Analysis, Objectives, Strategy, Tactics, Action, Control) provided a structured approach to developing and implementing the marketing communication strategy. Implementing the SOSTAC framework will help the company to maintain the timeline on track and also to keep the resources used efficiently.
- f. In essence, this research utilized a combination of quantitative and qualitative data collection, statistical analysis (K-Means clustering), and established marketing frameworks to provide a data-driven, comprehensive analysis of the Umrah market and create a robust implementation plan for RML. The integration of these different approaches provides a robust and comprehensive foundation for RML's marketing communication strategy.

IV. FINDINGS

This section presents the key findings of the research, including:

A) Market Analysis

The Umrah industry in Indonesia has seen significant growth, driven by increasing interest in religious travel and the country's large Muslim population, ranking it among the highest globally for Umrah pilgrims. Valued in the billions of dollars, the market encompasses travel, accommodation, and related services.

Recent trends indicate a transition towards digitalization, with travelers preferring online platforms for booking customizable Umrah packages while still retaining personal interaction through physical offices. Younger generations, especially Millennials and Generation Z, are showing an increased interest in Umrah, leading travel companies to develop engaging experiences tailored to them. Furthermore, streamlining transactions through automation — such as registration, simplified payment processes, initial information gathering, and ongoing communication — is crucial for sustaining market growth.

This research focuses on the potential Umrah market in Jakarta and Surabaya, estimating around 12.2 million Muslims, with a substantial number indicating their interest in undertaking the pilgrimage.

B) Consumer Segmentation

The potential customer segmentation in the Umrah industry is organized based on shared characteristics among various customer groups. This segmentation serves as a framework for a qualitative approach aimed at identifying the appropriate target market for the company. The segmentation is based on demographic, behavioral, psychological and benefit characteristics.

The distinct clusters identified include:

1. **Family-Oriented Pilgrims:** Focus on comfort and convenience, primarily female, mostly from Generation X and Y, with mid to upper-class income. They prefer group travel and short-term pilgrimages, willing to spend on premium accommodations and potentially bring more in terms of pilgrim number contribution in each departure.
2. **Young Savers:** Budget-conscious Generation Z travelers who prioritize affordability and flexible payment options. They tend to plan short-term pilgrimages and require guidance due to limited financial resources. These kinds of travelers are very price-conscious and sensitive to the benefits they'll gain.
3. **Luxury-Conscious Boomers:** High-income baby boomers seeking premium comfort and personalized services. They expect high-quality experiences and have completed Umrah multiple times. The service types that they're expecting are very distinct from the rest of the other segments due to the bigger budget they're willing to spend.
4. **Educated Travelers:** Both female and male from Generation X and Y. Individuals with higher education seeking excellent customer service and transparency. They prioritize informed decision-making and quality service. Infatuated with knowledgeable customer service or frontliner staff.
5. **First-Time Pilgrims:** Generally, younger travelers are looking for a comfortable and stress-free experience. They value clear communication and are moderately price-sensitive. Easy to influence by the right communication and recommendations from previous travelers.
6. **Returning Devotees:** Repeat Umrah travelers who value personalized experiences and are less price-sensitive. They seek opportunities for enriched spiritual experiences and know exactly what they want and need.

To target the segmented market, this study uses K-Means clustering to analyze the data; three clusters emerged: Cluster 1 combines Family-Oriented Pilgrims and First-Time Pilgrims; Cluster 2 includes Young Savers; Cluster 3 consists of Luxury-Conscious Boomers, Educated Travelers, and Returning Devotees. Each cluster was evaluated based on various criteria, including market size, profitability, price sensitivity, accessibility, competitive advantage, cost of acquisition, and customer loyalty and scored by using the weighting system.

Criteria	Cluster 1	Cluster 2	Cluster 3
Market Size & Growth Potential	1	2	3
Profitability	2	3	1
Price Sensitivity (Less to Most)	2	3	1
Accessibility (inc. Technology)	2	1	3
Competitive Advantage	2	3	1
Cost of Acquisition	2	1	3
Loyalty	2	3	1

Table 1 - Weighted Clusters Criteria

Clusters 1 and 3 received the highest scores, indicating that they represent the most viable target markets for the company, while Cluster 2, being more price-sensitive, is less favorable for targeting strategies. Therefore, RML should focus exclusively on Clusters 1 and 3 while disregarding Cluster 2.

C) Proposed Marketing Communication Strategy

The marketing communications strategy aims to effectively engage the target audience to increase the company's sales by up to 1000% over the next five years, targeting approximately 4,000 pilgrims and capturing 0.4 to 0.5% of Indonesia's pilgrimage market share. Key objectives include crafting resonant messaging that highlights the company's value proposition, attracting new customers, retaining repeat clients, and ultimately expanding the market base.

The SOSTAC model — Situation analysis, Objectives, Strategy, Tactics, Action, and Control — will guide the development of the marketing communication plan to ensure that it will be operated according to the objectives and its limitations.

a. Situation Analysis

- Conduct market analysis to understand current trends, competition, and customer behavior.
- Perform a SWOT analysis of the company to identify strengths, weaknesses, opportunities, and threats.
- Acknowledge the reliance on traditional marketing methods, with a need for a transition to a more digital-focused strategy to enhance service quality and customer engagement.

b. Objectives

- Brand Awareness. Establish a presence across multiple channels, aiming for significant follower counts and customer reviews on platforms like Instagram and Facebook.
- Sales Conversions. Increase the number of annual pilgrims from 400 to 4,000 over five years.
- Customer Engagement. Create compelling content on social media to foster interaction and build a community, measured by engagement rates and follower growth.

c. Strategy

- Value Proposition. Offer transformative pilgrimage experiences that nurture both heart and soul, catering to diverse traveler demographics.
- Target Audience. Segment the audience into five distinct categories: Family Connector, Curious Novice, Experience Seeker, Informed Explorer, and Committed Devotee, emphasizing personalized communication alongside digital outreach.
- Brand Messaging. Focus on values like spiritual growth, inclusivity, community, and personalization to guide brand interactions and offerings.

d. Tactics

- Content Creation. Develop engaging social media content every two days, including visuals, educational materials, and interactive posts.
- Advertising. Utilize targeted social media advertising and bi-weekly email blasts to reach potential clients and inform existing ones.
- Public Relations. Issue press releases, collaborate with influencers, and participate in travel fairs and webinars to enhance brand visibility.

D) Action

Clearly define the resources, money, tools, staff, and timetable required for implementation in your action plan, making sure that the team works together.

E) Control

Use mechanisms for feedback to evaluate the efficacy of communication methods and set up key performance indicators (KPIs) to track campaign metrics, engagement levels, and ROI.

It would help the company to create structured marketing communications which would enable brand building and customer engagement towards achieving substantial growth in sales in the Umrah market.

V. CONCLUSION

The study points out the drastic change in customer behavior over the last two decades, especially in terms of online buying. As consumers increasingly use digital technologies to make informed purchasing decisions, businesses need to change their marketing approach to effectively engage customers in a competitive marketplace. This means focusing on transparency, authenticity, and personalized marketing to build trust and loyalty among consumers.

As organizations strive to provide service excellence, companies are encouraged to become customer-centered and put customers first by understanding customer needs, preferences, and satisfaction. Through data analytics and feedback, organizations can align their offerings with customer expectations, which improves perceived value.

The importance of market segmentation, targeting, and positioning comes across, through which companies target the right consumer group with their resources; this leads them to better performance financially. Separate customer clusters could be identified based on the results of the study conducted in Umrah, further establishing the imperative to tailor different marketing efforts to target each segment of the market.

The proposed marketing communication strategies would target ambitious sales growth, with the SOSTAC model helping to create a structured approach. Clear objectives are set around brand awareness, increasing sales conversions, and engaging customers through dynamic digital content and targeted outreach.

The bottom line of the results is that the companies in the Umrah business should leverage both traditional and digital marketing practices. Following the suggestions offered, RML can effectively place itself in the market and win and retain customers with better pilgrim experiences. Specific recommendations include digital transformation, personalized customer interaction, staff training, content creation, performance monitoring, influencer partnerships, operational efficiency, and customer advocacy.

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