

CHAPTER I

PRELIMINARY

1.1. Background

Economic growth is defined as the development of activities in the economy which causes the goods and services produced in the community to increase and the prosperity of the community to increase. So economic growth measures the achievement of the development of an economy from one period to another. Progress in the economic sector has resulted in rapid development in the business sector. At this time very many trading companies have sprung up in the trade sector, both small and large traders such as shops, minimarkets, supermarkets and others, giving rise to intense competition between traders from similar and dissimilar businesses (Sukirno, 2011).

Competition is when organizations or individuals compete to achieve desired goals such as consumers, market share, survey ratings, or required resources (Kuncoro 2005). Competition in the business world is sure to happen, but the most important thing to pay attention to is how to win the competition between traders. Traders or companies need to pay attention to the right marketing strategy in order to dominate the market. The increasing number of businesses that have sprung up, both small and large companies, have an impact on fierce competition between companies, both similar and dissimilar. Good product design and marketing strategy are interrelated. Each company must continuously develop products or design its products in order to maintain and increase its sales.

Competition is a relentless work process on the ability of a company to seek and maintain an advantage (Magretta, 2014). In the midst of very tight product competition, every company offers the best products, so the key to success is in the marketing strategy. The high competition in the business world demands a competitive advantage that must be owned by every company in order to remain competitive, including in small competition. One of the competitive advantages that must be owned by the company is the right marketing strategy.

Market segmentation is one of the marketing strategies carried out by grouping the market into certain segments to be used as marketing targets.

The definition of market niche which is used in the modern economic literature varies significantly. In general, it means the position of the brand in a particular market. Modern marketing does not give single-valued definition. For instance, Vaigel in Boienko (2019) defines variants of using this concept: identification of concepts of market niche and target market segment, definition of a small market part which corresponds to the competitive advantages of the brand, identification of an unusual situation in the market when the brand satisfies a new requirement that had not been satisfied yet. Very often modern literature argues that the market niche is a target market, market segment, and marketing opportunity. Market niche is free from intensive competition small part of the market which consists of consumers with similar needs which cannot be satisfied fully by existing market products and satisfaction of what can be possible with higher rate of return.

Potential of Indonesian cosmetic market is quite large. Quoted from Magazinereviewweekly.com, the demand for the cosmetic market is high, where the female population in Indonesia, which reaches 118 million people wheres a market potential that cannot be ignored. Consumers of cosmetic products are very diverse, one of which is Muslim women. The halal element of the product is a matter of concern. According to the Islamic Food and Nutrition Council of America, Halal is an Arabic word meaning lawful or permitted. Halal products are a necessity for Muslims. So that Muslim women consider the content of the product and influence the decision to buy the cosmetic product itself. Halal labeling on cosmetic products can be a guarantee for consumers, especially Muslim women, that the products they consume are safe and in accordance with their beliefs. In Indonesia, the reference for halal cosmetics is the recognition of halal after passing the audit stage from the MUI, both an assessment of the raw materials and the manufacturing process.

The halal market is a new economic growth sector in the global world. The halal market is not only in the financial and food industries, but also in the

cosmetics industry. The presence of this halal market is promising and the fastest growing in Asia, the Middle East, Europe and America (Elasrag, 2016). Muslim consumers in 2012 spent 26 billion (dollars) on cosmetic consumption and this expenditure is estimated to grow to 39 billion (dollars) in 2018 (State of the Global Islamic Economy Report, 2013), therefore the global halal cosmetics market will grow to meet the needs of Muslim consumers. Companies or products that use halal as branding, the company has a responsibility in terms of strict supervision because halal products are prone to contamination by non-halal substances. Ethical issues in the production of halal cosmetics and company management are also in the spotlight of consumers. Marketers need the right strategy to make these halal-labeled cosmetics well received by consumers (Endah, 2018). Jihan and Musa (2014) state that the more religious consumers are, the more knowledge and information of halal products will be obtained, so this can have an impact on the demand for halal cosmetics. Knowledge of halal products, especially cosmetic products, is also one of the things that consumers consider in buying halal cosmetics. The better knowledge about the halalness of a product, the better it will affect consumer purchases, where consumers will prefer halal cosmetics. The increase in demand for halal cosmetics is driven by increased knowledge and information on halal products (Farlina et al. 2015).

Wardah is the first domestic cosmetic brand to include a halal label. Currently, the Wardah cosmetic brand has managed to dominate the market share in the cosmetic sector in Indonesia. This issue can be seen from the awards that Wardah has received in the Top Brand Award every year. In 2017-2019 the cosmetic brand Wardah occupied the Top position in the Top Brand Index for the personal care category (Top Brand Award 2019). In addition, the sale of Wardah's cosmetic products continues to increase every year. In 2017, Wardah's cosmetic products sales had risen by 40 percent. This increase was due to the Wardah cosmetic brand continuing to make the latest innovations following market demand and quality control, halal and safe to use (Eldon, 2018).

Based on the background that has been described above, The Author are interested in conducting a study entitled An Analysis on Market Niche Penetration

Strategy of Wardah Cosmetic Product for the Female Muslim Market Segmentation.

1.2. Formulation of the Problem

Based on the background, The Researcher will identify the following problems how is the market niche penetration strategy of wardah cosmetic product for the muslim female market segmentation?

1.3. Research Purpose

Based on the formulation of the problem above, the purpose of the research are :

1. To know about what are the types of Wardah cosmetic products
2. To know about the excellence of Wardah cosmetic products
3. To know about penetration strategy for the muslim female market segmentation
4. To know about kind of policies are implemented in the marketing of Wardah cosmetic products
5. To know about Muslim female market segmentation that affect consumer purchasing decisions
6. To know about the obstacles faced in marketing Wardah cosmetic products which are segmented for the muslim female market
7. To know about solutions to the obstacles faced in the marketing of Wardah cosmetic products which are segmented for the muslim female market

1.4. Research Benefit

The benefit that can be obtained from the research proposal for companies, communities and researchers are as follow :

1. **Benefits for Company**
To get more information about niche market strategy and the muslim female market so that the result of this study can be reference or guide for company to expand their business.

2. **Benefits for community**

To provide insight in the form of final project that can be used to broaden knowledge in conducting research niche market strategy and the muslim female market in business.

3. **Benefit fo researches**

To add insight and knowledge about market niche strategy and market segmentation so as to train researches to apply theories obtained from lecturers. As well as being one of the requirements for completing education. And as reference for further research.

1.5. Scope and Limitation of the Problem

Based on the background of the problem, the authors can identify the scope of this research, namely wardah's product is local cosmetic product apply market niche in the female muslim market segmentation. In analyzing market niche penetration strategy is limited to market niche penetration strategy for the muslim female market segmentation.

1.6. Writing System

The writing of this thesis report to be systematic and structured, it is required to prepare a systematic report. The following is the system of writing a thesis report :

CHAPTER I : PRELIMINARY

Chapter I explain about title of thesis proposal, the background of the problem, the formulation of the problem, the research purpose, the research benefits, the scope and limitations of the problem and the writing system of the research.

CHAPTER II : LITERATUR RIVIEW

Chapter II describes the literatur review and the basis for the previous theory that will be used in the completion of the research.

CHAPTER III : METHOD AND ACCOMPLISHMENT PROCESS

Chapter III will explain about the location and place of the study, starting from the location, time and object of research, types and source of data, data collection technique, data analysis method, types of research, schedule and budget of result.

CHAPTER IV : RESULT AND DISCUSSION

Chapter IV will explain about the result and discussion of the research that consist of the types of Wardah cosmetic product, the excellence of Wardah cosmetic products, penetration strategy for the female muslim market segmentation, kinds of policies are implemented in the marketing market niche characteristic of wardah cosmetic product, does Muslim female market segmetation affect consumer purchasing decisions, the obstacles faced in marketing Wardah cosmetic products wich are segmented for the female muslim market segmentation, and solutions to the obstacles faced in the marketing of Wardah cosmetic products which are segmented for the muslim female market.

CHAPTER V : CONCLUSION AND SUGGESTION

Chapter V will explain about the conclusion and suggestion of the research carried out.