



Proposed Marketing Strategy to Increase Sales Snack Food Popcorn (Case Study: Karmellow)

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ABSTRACT: Karmellow is one of the popcorn snacks produced by PT Suara Matahari Trading (SUMATRA Group). Karmellow has three flavours of popcorn in 20 grams at an affordable price. Based on the research, there is a demand for snack food, especially popcorn, for consumers in Indonesia due to increasing snack food sales and the increasing global market size of popcorn snacks. However, the trendline of sales of Karmellow popcorn is declining, and the awareness of Karmellow is considered low. Therefore, this research was conducted to help Karmellow increase sales and brand awareness by creating an excellent marketing strategy. In this research, both qualitative and quantitative methods are used. In-depth interviews were conducted with the COO and employees of SUMATRA to know the internal conditions. Secondary data, such as textbooks, was also gathered to determine the external conditions. Besides this, the research also distributed online questionnaires to 252 respondents. This research results in the new segmentation, targeting, and positioning for Karmellow and a new marketing mix (4Ps), such as product, place, price, and promotion, as the proposed marketing strategy for Karmellow. It can be concluded that Karmellow has an opportunity in Indonesia but needs several marketing strategies.

KEYWORDS: Brand Awareness, FMCG, Marketing Strategy, Popcorn Snack, Sales.

INTRODUCTION

Our lives have changed significantly, and so have our daily activities since the pandemic began. Large-scale social restrictions, often referred to as Pembatasan Sosial Berskala Besar, result from COVID-19 and are enforced by the government to restrict the activities of Indonesian citizens outside the country to stop the virus from spreading. Because people can only spend their time at home, it affects the new habits that an Indonesian person creates, such as working and learning through the media platform Zoom, shopping online, and so forth.

According to the results of The State of Snacking 2020, an annual survey conducted by Mondelez International, the pandemic has changed the habits of Indonesians concerning buying and consuming snacks, as well as increasing the number of snacks that people need daily. Additionally, it is said that 60% of Indonesians—higher than the average percentage worldwide—snack more frequently than they did before the outbreak. The Indonesian population's desire for snack food is satisfied by meeting their biological needs, fostering social interaction, assisting in mood regulation in day-to-day living, and even reducing stress brought on by unforeseen circumstances like a pandemic.

Its survey indicates that since 2013, the overall number of snacks consumed per person and the total number of snack consumers have increased significantly. Compared to 2013, snack customers increased by 10.26% in 2021. Changes in eating and habits, more time spent at home during the pandemic, the need to reduce anxiety, and more resources available at home may have all impacted this market development. According to the survey, 71% of consumers globally make snacking a daily habit by eating at least twice daily. According to (Andrea, 2021), there is a positive trend in the sales value of ready-to-eat snack food in Indonesia between 2015 and 2020. The value of ready-to-eat snack food sales in Indonesia has slightly increased from 2015 to 2020 by 36.20%.

Popcorn is a snack food that has also become popular with consumers worldwide. Popcorn has exploded onto the snack market as an appropriate medium for various snacking conditions (Cowdin, 2023). There is also an increasing global market size of popcorn ready-to-eat snacks from 2018 to 2022, and the market size is projected to grow by 83.82% in 2032 compared to 2023 (Snehal, 2024).



One of Indonesia's local popcorn snack brands is Karmellow, produced by PT Suara Matahari Trading (SUMATRA Group). Karmellow is a popcorn snack brand in 20 grams with various flavours, such as caramel, chocolate, and strawberry. Customers can find Karmellow at an affordable price. However, based on the interview with the COO of SUMATRA Group, Bobby Marchelin, the author got the sales data of Karmellow Popcorn from 2021 to mid-2023, and there is a trend of declining revenues. Besides, based on a customer survey, Karmellow popcorn has the lowest brand awareness score compared to other popcorn snack brands.

The root causes of the problem are the limited distribution of Karmellow, only focusing on selling at General Trade, and the poor promotion strategies.

Based on the business issue, Karmellow has low brand awareness and declining revenues. Therefore, with an increasing demand for snack food, especially popcorn, there is an opportunity for Karmellow Popcorn to increase sales and brand awareness by proposing new marketing strategies.

METHODOLOGY

In this research, the author will collect the primary and secondary data. The primary data will be collected by using quantitative methods through distributing questionnaires to learn more about customer behavior in purchasing popcorn snacks and by using qualitative methods through in-depth interviews with the COO and employees of the SUMATRA group to learn more about the internal condition of the company. The secondary data will be collected from textbooks, journal articles, and netnography to learn more about the external environment. To determine the sample size of respondents for questionnaires, the author used the Slovin Model. The following is the equation formula for the Slovin Model Method.

$$n = \frac{N}{1 + N(e^2)}$$

Whereas:

n = number of samples

N = total population

e = error tolerance (significance level 0.1)

The population data was obtained from BPS in 2022, whereas Indonesia's total population with age over 12 years old data is 222,830,111. In this calculation, the significance level is 0.1. By doing the Slovin method calculation, the minimum number of target respondents in this research will be 100.

RESULTS AND DISCUSSION

A. Internal Analysis

VRIO Analysis

VRIO is one of the frameworks used to assess a company's internal resources and identify its potential for sustainable competitive advantage (Sultan, 2023). VRIO consists of Valuable, Rare, Inimitable, and Organization. Valuable relates to how valuable a company's resources and capabilities are to the business. Rare describes how uncommon a company's resources and capabilities are. Inimitable refers to the degree to which competitors cannot easily replicate a company's resources and capabilities. Last, organized to capture value refers to the degree to which an organization can use its resources and capabilities efficiently (Murcia, 2022).

SUMATRA group has several resources and capabilities. Resources and capabilities, such as labour, plant, equipment, and others, are considered valuable. However, only several resources and capabilities can be categorised as sustainable competitive advantage based on VRIO analysis, which are rare, inimitable, and organized to capture value. Those resources and capabilities are the ingredients, secret recipe, and knowledge to produce Karmellow Popcorn. Therefore, Karmellow has the best quality ingredients and secret recipes that competitors do not know, which makes Karmellow well known as a good-tasting popcorn snack, the same as popcorn in cinemas.



Current Segmentation, Targeting, Positioning (STP)

Segmenting is essential for the company because it can more effectively target smaller segments that suit its specific requirements. After segmenting, the company must choose one or more segment markets for its target market (Suyanto, 2020). In this research, the segment and target market of Karmellow is the same. Karmellow has a target market of males and females aged 7 – 18. The current target market for Karmellow is summarized in more detail in Table 1 below.

Table 1. Karmellow's Targeting

Target Market	Karmellow
Geographic	Sumatera, Jawa, Bali
Gender	Male and Female
Age	7 – 18 years old
Occupation	Elementary school student, junior high school student, and high school student
Social Class	Lower to middle class
Personality	Socially active, curious
Lifestyle	Snack lovers, food enthusiasts
Benefit Sought	High quality, delicious taste, affordable price

Positioning can be described as an assurance the company makes to the target market by providing the benefits customers will get after purchasing the product (Khandelwal, 2020). Currently, Karmellow Popcorn is “high-quality popcorn at an affordable price.” This positioning statement indicates that Karmellow popcorn is high-quality and tastes good, like popcorn from the cinema, without worrying and feeling guilty about the price.

Current Marketing Mix

The marketing mix combines strategic marketing techniques of the four Ps: product, price, place, and promotion (Kotler, 2014). Karmellow popcorn has three flavors, such as caramel, chocolate, and strawberries, in packaging for 20 grams. The current price of Karmellow is still affordable, with only Rp2,000. Customers can find Karmellow Popcorn at General Trade in several areas of Indonesia, such as Jawa, Sumatra, and Bali. However, Karmellow's current promotion is only digital marketing through Instagram, which only had 85 followers on August 25th, 2023.

B. External Analysis PESTEL

Analysis

The PESTEL framework is one of the tools that a company can use to analyze the external environment. PESTEL consists of political, economic, social, technological, environmental, and legal aspects. The political environment includes political policies and political situations. The economic environment includes the overall state of the economy, such as interest rates, inflation, and others. Sociocultural include demographic factors, such as culture and lifestyle. Technological includes all technology aspects that the company can apply. Environmental factors include climate change, waste problems, and others. Legal aspects include rules and regulations that the company must follow (Thompson, 2020).

From a political perspective, the politics of Indonesia have remained stable over the years. Therefore, it can be an opportunity for Karmellow to sell their product with the security of politics in Indonesia (The Global Economy, 2021). From economic factors, Indonesia's GDP trendline has been increasing. This is a sign that Indonesia's economy is doing well, which means the customers have higher purchasing power due to the more money they have (World Bank, 2023). From sociocultural factors, snack categories are the top 10 categories driving growth for FMCG in Indonesia and have grown by 24% compared to previous years (NielsenIQ, 2023).

From a technological point of view, many customers currently use social media to find information about brands, and the number of social media users has also increased within the last ten years. In addition, social media ads are essential in discovering new brands, especially for younger people (We Are Social, 2023). From an environmental point of view, the plastic waste problems in



Indonesia can threaten Karmellow because the packaging is still made from plastic. From a legal factor, Karmellow already has certification from BPOM and halal certification from Halal MUI. So, consumers can feel safer when consuming Karmellow.

Five Porter’s Forces

Five Porter’s forces is a framework based on the idea that the company should deal with the opportunities and threats in the company's external environment (Brujil, 2022).

- ✦ The bargaining power of buyers is high because customers have many choices of popcorn and other snack food brands with low switching costs.
- ✦ The bargaining power of suppliers is low because SUMATRA can quickly move to other suppliers and not depend on one specific supplier.
- ✦ The threat of new entrants is low because it requires high capital investment and registration certification to BPOM and MUI
- ✦ The threat of substitute products is high because there are other snack options besides popcorn that customers can easily choose and switch with low switching costs.
- ✦ The competition among existing rivals is high because of many competitors in the popcorn snack industry, such as Oishi, Cem-Cem, and others.

Competitor Analysis

Conducting a competitor analysis will help the company better understand the goods and services offered to the target market. Companies can also get the chance to beat their competitors by increasing their knowledge about them (Pandey, 2020). In the popcorn snack market, several products can be considered as the competitors of Karmellow popcorn. The main competitors are Oishi Popcorn, Cem Cem Popcorn, and Indomaret Popcorn.

Oishi Popcorn has 6 product items consisting of 3 different variants/flavours: chocolate, caramel, and Belgian butter with cheese. In contrast, each flavor has two sizes, which are 100 grams and 20 grams. The price of 20 grams of Oishi popcorn is Rp2,200, while a pack size of 100 grams is Rp17,400. Oishi popcorn 20 grams is available in general trade and e-commerce, while Oishii popcorn 100 grams is available in modern trade and e-commerce. Oishi actively promotes its products through Instagram and offline activities. The second competitor, CemCem Popcorn, only has 3 item products: CemCem Popcorn Grilled Cheese 75 grams, CemCem Popcorn Caramel 75 grams, and CemCem American Popcorn Chocolate 55 grams. The price of CemCem popcorn 75 grams is Rp12,825, while the price of CemCem Popcorn 55 grams is Rp7,900. Cem-Cem Popcorn is available at several modern trade stores and e-commerce. CemCem actively promotes products through Instagram. The last, Indomaret Popcorn, has two items: Indomaret Popcorn Caramel 75 grams and Indomaret Popcorn Sweet Cheese 65 grams. The price of Popcorn Caramel is Rp10,400, while the price of Popcorn Sweet Cheese is Rp12,200. Indomaret Popcorn is available at offline stores Indomaret all around Indonesia, and their official e-commerce site is Klik Indomaret. The promotion activities are through Instagram and Klik Indomaret.

C. Proposed Segmentation, Targeting, Positioning (STP)

Based on the questionnaires distributed, there are 252 respondents. Using IBM SPSS, the author will classify those respondents into several segments through cluster analysis. As a result, 3 clusters with different characteristics among clusters are summarized in Table 2 below.

Table 2. Proposed Segmentation for Karmellow

Aspects	Cluster 1 (Young and Engaged Snackers)	Cluster 2 (Balanced Snack Seekers)	Cluster 3 (The Most Budget Conscious)
Age	People aged 12 – 30 years old	People aged 12 – 30 years old	People aged 12 – 30 years old
Gender	Dominated with female	Dominated with female	Almost balanced between female and male
Domicile	Jabodetabek	Jabodetabek	Jabodetabek
Occupation	Work as students or private/state-owned employees	Work as students or private/state-owned employees	Work as students or private/state-owned employees



Monthly Spending	Highest monthly spending in a month	Lowest monthly spending in a month	Moderate monthly spending in a month
Behaviour	They most often buy snack food, especially popcorn snacks, and spend the most on them monthly.	Moderate frequent purchases of popcorn snacks but moderately low on spending for popcorn snacks	The less frequent purchases and lowest spending on popcorn snack
Important Aspect	Taste, Place, and Discount	Taste, Place, and Free Prize	Taste and Place
Product	Caramel flavoured in big-size and medium-sized packaging	Caramel flavored in big-size and medium-sized packaging	Butter flavored in any size packaging
Price	Willing to spend up to Rp15,000	Willing to spend up to Rp10,000	Most price-sensitive because they are more reluctant to spend more
Place	Modern Trade, such as Minimarkets, Supermarkets, and Hypermarkets	Modern Trade, especially Minimarket	Preferable in Modern Trade, especially Minimarket
Promotion	Highly influenced by recommendations from friends and family, and also digital marketing channels, such as TikTok and Instagram	Recommendations from friends and family moderately influenced it and digital marketing channels, especially Instagram.	Less influenced by digital marketing and recommendations from friends and family.

After the author did the cluster analysis, there were one or more segment markets that the author had to choose as Karmellow's target market. As a result, the author chose Cluster 1 and Cluster 2 as the target markets because there is a higher opportunity for those clusters to purchase Karmellow popcorn compared to Cluster 3, with the explanation of the target market in Table 3 below.

Table 3. Proposed Target Market for Karmellow

Aspects	Target Market
Age	Dominated with people aged 12 – 30 years old
Gender	Dominated with female
Domicile	Primary living in Jabodetabek
Occupation	Work as students or private/state-owned employees.
Monthly Spending	Moderate monthly spending in a month
Behaviour	They purchase popcorn snacks less than twice a month, but they also can spend up to Rp100,000 a month for popcorn snacks.
Important Aspect	Taste, Place, Discount, and Free Prize
Product	Caramel flavored in big-size packaging and medium-size.
Price	They prefer to spend up to Rp10,000 but are also willing to spend up to Rp15,000.
Place	Modern Trade, especially Minimarket
Promotion	Influenced by recommendations from friends and family, and also digital marketing channels, such as TikTok and Instagram

After the author defines the target market, the proposed positioning statement for Karmellow Popcorn can be as follows. “Karmellow Popcorn offers an indulgence for young people seeking enjoyable snacking experiences. Karmellow provides the best quality, affordable, and good-tasting popcorn with caramel-flavoured as our main signature so that customers can choose which sized packages suit theirs.”



D. Proposed Marketing Mix

Based on the results, caramel is the target market preference for popcorn flavors. Karmellow already has caramel-flavored popcorn, so Karmellow must maintain the quality of its main products. It is also recommended that Karmellow produce big-size packaging (100 grams) and medium-sized packaging (75 grams) based on the target market's preferences. For the pricing strategy, customers prefer to purchase popcorn that is not more than Rp15,000. So, it is recommended that Karmellow sell its products of big-size packaging in the range of Rp10,000 – Rp15,000 and medium-sized packaging in the range of Rp5,000 – Rp10,000. This pricing strategy will attract customers because, compared to the competitors, the price offers are cheaper.

For the distribution channel, it is recommended that Karmellow distribute its product to Modern Trade, starting from minimarkets, supermarkets, and hypermarkets, because the target markets prefer to purchase in Modern Trade rather than General Trade. For promotion, there are several activities that Karmellow can do, starting from online and social media marketing, personal selling, and sales promotion. Karmellow must define the campaign and critical messages for online and social media marketing, plan the creative content, collaborate with influencers, and make social media advertisements, like Instagram Ads. Personal selling will focus on the sales team opening booths in supermarkets and hypermarkets and opening booths in bazaars or festivals. Sales promotions will focus more on discounts and free prizes for customers.

CONCLUSIONS

Karmellow is one of the brands of popcorn snacks under PT Suara Matahari Trading (SUMATRA) Group. Currently, Karmellow faces business issues, such as declining sales and low brand awareness compared to competitors. This research was conducted through primary and secondary data with both qualitative and quantitative methods to know about the internal and external environment. From internal factors, Karmellow has a good quality product with a secret recipe and affordable price. However, Karmellow has limited distribution and low promotional activities. From external factors, Indonesia's economy and snack consumption are growing, but the tight competition in the popcorn snack industry can be seen as a threat.

As a solution, Karmellow did customer and cluster analyses with three results segments. For the target market, Karmellow chose two segments, with characteristics of customers aged 12 – 30 who lived in Jabodetabek and worked as students or private/stateowned employees. The proposed marketing mix for Karmellow includes new packaging sizes, adjusted pricing strategies, and expansion of the distribution channel to Modern Trade, with the promotion activities starting from online and social media marketing, personal selling, and sales promotion.

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