



Investigation of Umrah Travel Promotion: Does It Use the MLM System? Case Study from PT. Arminareka Perdana

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Abstract:

This study aims to explain the marketing system carried out by Travel Umrah based on PMA regulation No. 8/2018. This research uses a qualitative approach through observation, literature review, and in-depth interviews with each resource person at PT. Arminareka Perdana. The analysis is descriptive by interpreting the conditions and relationships in an observation. The findings show that most umrah pilgrims misunderstand the regulatory provisions. In addition, the marketing system no longer uses a network that resembles an MLM pattern but uses a conventional system. The marketing system used by Umrah Travel is still conventional. Preferably marketing should be done using a spiritual marketing system because Umrah is a Ubbudiyah trip.

Keywords: Islamic marketing, government policy, halal tourism

JEL Classification Code: M31, M38, Z32

1. Introduction

Indonesia is one of the countries that has the largest Muslim population in the world (Ismal & Septiana, 2019; Mulazid et al., 2020; Trinugroho et al., 2018). The desire to perfect the fifth pillar of Islam, namely performing the Hajj, is the dream of every Muslim. Nevertheless, unfortunately, this desire cannot be implemented immediately, considering the length of the waiting list for hajj departure for Indonesian pilgrims. It is what impacts the development of the number of Umrah pilgrims. Every year the number increases. Umrah worship is the choice of the community to fulfill their wishes as soon as possible to visit Baitullah. Seeing the community's high interest in going to the house, business people began to look at this opportunity to hold Umrah. The large number of people who want to be served makes this business mushrooming and causes competition. Travel and tours carry out various marketing strategies to attract pilgrims ranging from offering low prices, advantages, and profitable systems. A surefire strategy is a marketing method or method used starting from recruiting pilgrims, providing services, counseling, guidance, and even providing business opportunities.

It is because of the implementation of the pilgrimage trip in Indonesia, the implementation of which is still entirely carried out by the community / private sector, namely by the Umrah Worship Travel Organizer (PPIU) who has obtained permission from the Government (Ministry of Religious Affairs of the Republic of Indonesia). Currently, for DKI Jakarta, 348 PPIU still have permits from the



Ministry of Religious Affairs of the Republic of Indonesia. PPIU to attract pilgrims to register for their travel, then they must offer the advantages they have to the pilgrims. Travel umrah organizers must be able to implement accurate strategies. Therefore, every travel always tries to be able to stay alive, develop, survive and be able to compete. In this context, each travel always sets a different strategy. Strategy is an integrated and comprehensive frame of reference that directs the choices that determine the form and direction, in this case, the implementation of Umrah. Pilgrims in performing Umrah worship want perfection and satisfaction in their worship. It can be achieved if the company can provide optimal service.

One of the business differentiations carried out by Umrah travel is a business with a Multi-Level Marketing (MLM) system. The MLM trading system is carried out by attracting prospective pilgrims who at the same time function as consumers and members. In running its business with the MLM system, it is not only about running the sale of goods products but also service products, namely marketing services that are level-level in exchange for marketing fees, depending on the level, sales achievement, and distribution membership. PT. Arminareka Perdana is alleged to have implemented a strategy with a differentiation system. For this reason, this research will look at and explain how PT. Arminareka Perdana recruits her pilgrims, how is the marketing system, how to manage umrah travel expenses that have been collected from prospective congregations, and how to manage umrah travel expenses that PPIU has collected from prospective congregations.

This study aims to explain the suitability of the Umrah congregation registration system carried out by PPIU with Regulation of the Minister of Religious Affairs (PMA) No. 8/2018. In addition, this study also aims to describe the marketing system carried out by PPIU, the management of Umrah travel costs collected from prospective congregations, and the implications of the travel cost management system on the protection of congregations.

2. Literature Review

PT. Arminareka Perdana is a company that organizes Umrah and Hajj plus trips that has the last permission with Umrah Permit No. D/78 of 2015 and No.DJ.VII/HJ.09/731/2015 dated February 11, 2015. The permission extension in 2018 has not yet come out. PT Arminareka Perdana, located in the DKI Jakarta area, is the head office in a strategic location in the city center, located at the Salemba Tower Building on the 5th floor on Jalan Salemba Raya No. 5 Central Jakarta. This company has been established for approximately 25 years and has been dispatching Umrah and Hajj plus pilgrims since February 9, 1990. PT. Arminareka Perdana has been registered as a member of the Muslim Association of Umrah Hajj Organizers of the Republic of Indonesia (AMPHURI) since 2007.



Received a Fatwa certificate from the Shariah Council of the Indonesian Clerical Council (MUI) in 2012.

PT. Arminareka Perdana, from 1990 to 2008, only provided an opportunity for congregations who could afford it to go to the holy land. However, seeing that the more days, the interest of the Muslim community to go to the holy land is finally PT. Arminareka Perdana formed a marketing agency under the Lima Utama Sukses (LUAS) marketing division, whose members are para-pilgrims registered for Umrah and Hajj at PT. Arminareka Perdana. The establishment of the LUAS division is considered very effective in helping to market Umrah and Hajj plus products and providing solutions to the community to go to the holy land without cost constraints because the congregation can pay in instalments for Umrah. Umrah registration can be done directly to PPIU or represented through the leader by paying the Down payment (DP) first. This DP payment binds them between the PPIU and the pilgrims to book seats and invoices by filling out the registration form by simply bringing a photocopy of the ID card. Umrah costs RP. 26,400,000 if using Lion aircraft and IDR 30,800,000 if using Garuda aircraft.

The regulation of the provisions for payment of Umrah registration before the enactment of PMA No. 8/2018 is that pilgrims first make a down payment of Rp. 3,500,000, then the pilgrim will be given proof by PPIU in the form of a voucher worth Rp. 3,500,000, and the leader will get a reward of Rp. 1,500,000 if bring one pilgrim will increase the amount of money if the pilgrims are brought more. Suppose the pilgrim has registered and paid the DP. In that case, the pilgrim can also become a leader for pilgrims willing to participate in marketing or offering to other prospective pilgrims. However, after PMA No. 8/2018, the DP payment increased to Rp4,500,000, and pilgrims no longer get vouchers. While the leader will get 1,350,000 per pilgrim, there is no longer a system of multiples of the reward. This provision applies to anyone who brings pilgrims, meaning we do not have to pay a DP first to become a leader. While the remaining 1.5 months must have paid 50%, and the previous month has paid off 100%.

Since the enactment of the provisions of PMA No. 8/2018, it has impacted the PPIU of PT. Arminareka Perdana, namely many leaders of pilgrims who sell their vouchers at low prices below the price of Rp. 3,500,000, if prospective pilgrims already have vouchers, PPIU will reduce the cost of Umrah worth the price of the voucher. However, suppose the prospective pilgrim already has a voucher. In that case, the leader or whoever brings it no longer gets a free reward from PPIU, so many pilgrims misunderstand the provisions of PMA No. 8/2018 and impact the congregation's concern for the DP if they cannot pay off for six months. Many pilgrims withdraw their money even though the PPIU will still provide leeway for pilgrims who have not been able to pay off.

PT Arminareka Perdana has arranged the provisions if the pilgrim cancels the departure. If the pilgrim has paid the repayment and then cancelled, there are several conditions set by PT. Arminareka Perdana is as follows:



1. If the cancellation is made before one month, it will be refunded 100%.
2. If the cancellation is made 1 month in advance, a 25% deduction will be made.
3. If the cancellation is made 2 weeks before departure, a 50% deduction will be made.
4. If the cancellation is made 3 months before departure, a 75% deduction will be made.

Prior to PMA No. 8/2018, one of the business strategies was implemented by PT. Arminareka Perdana is a differentiation strategy. The differentiation strategy is that hajj travel tries to market services with specific distinctive characteristics so that the hajj travel will be considered unique and even considered exclusive by pilgrims. The marketing system aims to attract pilgrims, namely by empowering pilgrims who have already benefited and paid DP to become marketing leaders, and they will get quite tempting rewards. Thus, PPIU does not need to spend expensive promotional costs just for the Leader who does the promotion. Usually, in promotions, leaders take a personal approach by inviting family, neighbors, and friends to follow (OPP). In addition, numbering is also carried out by inviting several agencies to follow the OPP through letters such as to hospitals, posts and giro, MUI, Telkomsel, and even the Taklim Assembly. OPP is scheduled every Monday to Saturday, and two presentations are carried out daily. Namely session one at 10 – 12 and Session 2 at 13 – 15.00 by a special presenter from PT. Arminareka Perdana. It can also be outside the office, such as in a restaurant. Marketing success depends mainly on the presentation of the OPP.

The marketing system used by PT. Arminareka Perdana, using this network system instead of the agent system disconnects is very beneficial to PT. Arminareka Perdana because the information received by prospective pilgrims will be following the network formed. PT. Arminareka Perdana is only limited to the departure of Pilgrims and Umrah and helps complete the documents. Meanwhile, the marketing strategy is entirely carried out by leaders who are prospective Pilgrims and Umrah through PT. Arminareka Perdana sells brochures to Leaders for Rp. 200,000 / Rim or Rp. 4,000 / 10 sheets. As well as selling banners Rp. 100,000 / sheet, Business Cards Rp. 75,000 / box, Flip Chart (Company profile) Rp. 15,000 / copy.

In the marketing world, generally, only two kinds of marketing systems are known: conventional marketing or shopping directly to stores offline and online and MLM systems. There is a new way to market the Umrah and Hajj travel business, namely with the MLM system, which is a sales system designed with a psychological approach through the use of consumers as well as direct channelling personnel through a network-shaped marketing program of more than one level. Business partners get sales commissions and bonuses from selling goods or services made by themselves or members of their network. Since it was first introduced, this system has been able to motivate and tempt its members to



score soaring sales figures and compete with each other PT Arminareka Perdana is alleged to use the MLM system in its marketing system. So, MLM method ushers in PT Arminareka Perdana as one of the rising and most significant numbers of Hajj travel agencies in dispatching pilgrims. However, according to the explanation of the Head of Hajj and Umrah, the regional office of the Ministry of Religion of DKI Jakarta, there have been no reports from pilgrims who complained about any PPIU who came to the office, including PPIU Arminareka Perdana. In terms of determining the departure of pilgrims and fraud, he does not know which PPIU or travel is problematic.

Meanwhile, among those who complained to the Indonesian Consumer Institution Foundation (YLKI) based on Umrah Travel Complaint Data in 2017, nine PPIU were in the community, and the most complaints from First Travel were 17,557 from pilgrims. One of them is from Arminareka Perdana. However, it is not a problem of Umrah but a problem of Hajj. The congregation promised to get a portion of the Hajj in 2017, but it has not been realized. In 2012, Arminareka Perdana received a warning letter from the Directorate General of Hajj and Umrah Implementation (PHU) of the Ministry of Religion regarding the ban on system systems with MLM.

3. Research Methods

This study used a qualitative approach. Data were obtained through observation, literature review, and in-depth interviews with speakers about Umrah worship implementation (Guest & Fleming, 2020; John et al., 2016). The study subjects were umrah and travel congregations or other parties who played a role in the departure of umrah pilgrims. As for data processing and analysis, it uses descriptive analysis, which is a method that interprets what exists, whether existing conditions or relationships, growing opinions, or processes that have been taking place and developing (Mishra & Alok, 2017). In other words, the descriptive method gives a clear and accurate picture of the phenomenon being investigated (Mary et al., 2019). Descriptive analysis is used to find and collect, compile, use and interpret existing data (Asim & Sorooshian, 2019).

4. Finding and Discussion

Marketing is dynamic and has an extensive reach. Meanwhile, according to Kotler & Keller (2012), marketing is a social and managerial process in which individuals and groups get what they need and want through creation, bidding, and exchange. A product and service must pass various stages of activity before it reaches the hands of consumers. Likewise, to get pilgrims, Hajj and Umrah businesses require marketing skills and knowledge of marketing principles. Marketing is the activity, set of institutions, and possess for creating, communicating, delivering, and exchanging offerings that have value for



customers, clients, partners, and society at large (Gundlach & Wilkie, 2009). By looking at the definition, it is explained that marketing is not only a unit part of an institution or company but also provides or exchanges an offer with value (Hill & Martin, 2014). The parties that are the scope of marketing in the above definition are not limited to consumers and clients but also include partners and the wider community (Kusumawati et al., 2016).

The first step to determining a marketing strategy is compiling and determining the company's goals and objectives (Camilleri, 2018a; Varadarajan, 2010). The company's mission should be elaborated into goals for every management level, including marketing management. The plans of this company include both business goals and functional goals. The company's goals are the company's overall goals, such as building profitable relationships with customers. The business aims to develop a better product according to the needs and desires of customers (Camilleri, 2018b), in this case, pilgrims. The functional goal is to run the production process efficiently. These are the current marketing goals to design a reliable strategy further. The statement should be oriented towards market demand and based on customer needs. The company's mission must be able to satisfy customer needs (Aimee, 2019; Nwachukwu & Žufan, 2017). In this case, Arminareka read the desire of the community, who were very enthusiastic about carrying out Umrah worship but were constrained by costs. Therefore, PT. Arminareka Perdana determined his vision and mission: to help dispatch pilgrims to the pilgrims and provide solutions to pay for them. In this case, they set a marketing strategy with 5 P's (Kotler, 2000): planning, product, price, place, and promotion.

Recently, there has been rampant marketing of Umrah and Hajj travel products under the guise of MLM. In this case, the pilgrims should be careful and not easily tempted by the sweet promises offered. Many business people ignore ethics in developing their companies, including umrah and hajj travel agencies (Ardani et al., 2022). It is evidenced by the large number of pilgrims who failed to leave as the mass media gave. A new approach is how to carry out a marketing strategy using spiritual elements in society (Vasconcelos, 2011). The concept of marketing with a spiritual practice has a meaning related to religion and is accompanied by spiritual values such as openness, honesty, humility, and trustworthiness and is built with noble actions (Bhat et al., 2019; Othman et al., 2018). Open, containing meaning, and the company does not hide things that consumers should indeed know. For example, the elements present in the product. Honestly, the company does not lie to consumers, talk as it is about a product. It will be able to increase consumer confidence in a product. The most important thing is the company's noble actions that can help the community a lot, not just seeking certain benefits. All of that is built to increase consumer confidence. Of course, by connecting with the values of spirituality and or sociality, customers have more emotional ties to the product or company. With activities with religious nuances, the company hopes to attract public sympathy.



Many companies have done their marketing with the concept of spiritual marketing (Bambang et al., 2021).

The case that uses the spiritual marketing concept has been aimed at a religious market segment from the beginning of its marketing program (Purwaningwulan, 2021). Call it Islamic banking, which is intended at the Muslim community or those who consider bank interest usury. The bank that has been working in this market since the beginning is Bank Muamalat. While products related to religion, such as Sunsilks, are addressed to hooded women, there is also Shivak toothpaste. It is appropriate for the Umrah and Hajj travel bureaus to use the concept of spiritual marketing instead of conventional marketing concepts. It is considering that the umrah and hajj journeys are *ubudiyah* trips, not tourist traps. Religion is not a commodity but should be used as a spirit in developing marketing strategies. Building the concept of spiritual marketing can be done through specific communities such as recitation communities, charity communities, and so on. This community will create a sense of community. The concept of spiritual marketing can indeed attract a particular community. Still, if the marketing program is not implemented in an integrated manner, this concept cannot guarantee the success of the marketing program.

Nowadays, many people believe that marketing or marketing is only science whose content is only about selling products, bringing in demand, and communicating a product to customers or potential customers to be willing to buy. Whether the buyer needs it, wants it naturally or because of the death seductions of those marketers is not a matter of marketing science. Therefore, the science and practice of marketing are not far from an act of speculation, fraud, manipulation, and other unethical actions. But unfortunately, PPIU is still found, which is developing its business and does not use business ethics, so banning harms the pilgrims.

The solution program offered by PT Arminareka Perdana has an assessment from some people as an MLM business. This assessment caused a positive and negative evaluation of the MLM business. So, it will be worrying if the solution program has a negative side. Moreover, it concerns the departure of hajj and Umrah, which are *ubudiyah*. If we look at the tiered system, it seems that Arminareka's business system does look like MLM. However, it is not a system that usually exists in MLM because there is no closing point system, although it is still developed in a networking manner. Through the National Shari'a Council (DSN), the Indonesian Ulema Council (DSN) issued a DSN certification for the Arminareka marketing system. So, with the solution program, what will solve the problem of the absence of money. Why can Arminareka give such a hefty commission? According to his explanation, Arminareka's annual advertising fund is the bonus offered. Instead of promising to television or paying artists, it's better to pay for the marketing-marketing staff who are their leaders. However, because the number of Umrah pilgrims dispatched is



increasingly crowded, Arminareka Perdana should increase attention in terms of service to pilgrims.

5. Conclusions

The umrah journey is a journey of worship. Therefore, it is appropriate for PPIU to pay attention to service and guidance. These services and advice are not only in the country, even on the way to Saudi Arabia. They are responsible for the organizers. In addition, when promoting, what should keep promises. In this case, it can be concluded that the umrah pilgrim registration system carried out by PT Arminareka after PMA No. 8/2018 is no longer providing vouchers as proof of DPS. However, if the pilgrims have a voucher, the amount will still be deducted from the hajj fee. Then, many pilgrims misunderstood the provisions of PMA No. 8/ 2018. Therefore, it is necessary to socialize with the community. Furthermore, the marketing system is carried out by PT. Arminareka Perdana, since the enactment of PMA No. 8/2018, no longer uses the network system but has returned to the conventional method. In addition, umrah fees that pilgrims have deposited are managed by PPIU entirely for the benefit of pilgrims, not for purposes outside the pilgrim's services. What is noted in this study is that the marketing system used by PPIU is still conventional. Since Umrah is a ubbudiyyah journey, it should use a spiritual marketing system. The benefits of this research can be used by the Directorate General of Hajj and Umrah Implementation of the Ministry of Religion of the Republic of Indonesia to be the basis for formulating a policy for supervising the implementation of Umrah to improve and improve the quality of the performance of Umrah pilgrimage trips. Umrah pilgrims get protection and avoid fraud.

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