

PT Madinah Iman Wisata's Digital Transformation as a Competitive Strategy in the Umrah Industry

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Abstract

The transformation of the Umrah industry is an implication of the Saudi Vision 2030 policy, which encourages the modernization of digital-based service systems and an increase in the number of pilgrims globally. This change requires Umrah travel agencies to adapt through technological innovation to maintain competitiveness amidst increasingly fierce competition. This study aims to analyze the implementation of digital transformation as a competitive strategy at PT Madinah Iman Wisata, and to identify its impact on operational efficiency and service quality for pilgrims. This study uses a descriptive qualitative approach with a case study method. Data collection was carried out through in-depth interviews, direct observation, and documentation of company activities. Research informants consisted of management, operational staff, and pilgrims who use the service. Data analysis was carried out through the stages of data reduction, data presentation, and drawing conclusions using triangulation techniques to maintain the validity of the findings. The results show that the digital transformation implemented by PT Madinah Iman Wisata includes the digitalization of the registration and payment system, the use of digital media as a marketing tool, and the integration of services with the Umrah technology platform. This implementation has been proven to be able to improve operational efficiency, accelerate the service process, and increase transparency and ease of access for pilgrims. Furthermore, digital transformation plays a role in strengthening differentiation strategies by improving service quality and customer experience. Another impact is increased levels of pilgrim satisfaction and trust, which ultimately contribute to customer loyalty. This research finding confirms that digital transformation serves not only as an operational support tool but also as a key strategy for creating sustainable competitive advantage. Therefore, Umrah travel agencies need to strategically integrate digital technology to address the ever-evolving industry dynamics.

Keywords: digital transformation, competitive strategy, umrah industry.

Introduction

The transformation of the Umrah industry in the modern era is an unavoidable phenomenon, coupled with technological developments and global policies. The implementation of Saudi Vision 2030 has driven major changes in the Umrah pilgrimage management system, particularly through the digitization of services encompassing electronic visa processing, accommodation reservations, and integrated pilgrimage scheduling. In recent decades, Saudi Vision 2030 has become one of Saudi Arabia's most ambitious economic transformation agendas. The country's economy has historically relied heavily on the oil and gas sector as its primary source of national income. This dependence became a serious challenge when global oil prices plummeted

in 2014, impacting the country's economic stability. In response, Mohammed bin Salman launched an economic reform program known as Saudi Vision 2030 in 2016, aiming to diversify state revenue sources and reduce dependence on the energy sector (Dzarivauri, 2023).

The program is built on three main pillars: A Vibrant Society, A Thriving Economy, and An Ambitious Nation. These three pillars form the foundation for Saudi Arabia's long-term social, economic, and governance transformation. Within this framework, tourism sector development is positioned as a key strategy to drive sustainable economic growth. Among the various types of tourism being developed, religious tourism, particularly through the organization of the Hajj and Umrah pilgrimages, holds a particularly strategic position, attracting millions of pilgrims from various countries annually (Yuliana, 2024).

The transformation of the Umrah industry in the contemporary era is inextricably linked to the Saudi Arabian government's Saudi Vision 2030 policy, an effort to diversify the economy and modernize the religious services sector. This program targets an annual increase in the number of Umrah pilgrims to tens of millions, accompanied by technology-based service system reforms. These changes include the digitization of administrative processes, such as electronic visa applications, accommodation reservations, and scheduling of pilgrimages through integrated platforms like the Nusuk app. This transformation directly shifts the operational patterns of Umrah travel agencies from conventional systems to more efficient, transparent, and digital-based systems.

This development has had a significant impact on the Umrah industry ecosystem globally, including in Indonesia. As one of the countries with the largest number of Umrah pilgrims in the world, Indonesia is experiencing rapid growth in the number of Umrah travel agencies. This situation has created increasing competition among organizers, both in terms of price, service quality, and product innovation. Meanwhile, the Indonesian government continues to adjust regulations to improve pilgrim protection and transparency in Umrah pilgrimage management. The emergence of the independent Umrah policy has also expanded alternatives for the public, making travel agencies no longer the sole primary option. This situation requires every company to have an adaptive and competitive strategy to remain relevant amidst market changes.

In line with this vision, the Saudi Arabian government is targeting a significant increase in capacity for Umrah and Hajj pilgrimage services. The target is to increase Umrah pilgrim capacity from approximately 8 million to 30 million per year, while the target is to increase Hajj pilgrim capacity to 5 million. In the initial implementation phase, the number of Umrah pilgrims is projected to reach 15 million per year and is targeted to double by 2030. This target not only demonstrates increased capacity for worship services but also signals the development of the Hajj and Umrah industry as an increasingly competitive global economic sector.

In this global context, Indonesia, as the country with the largest Muslim population in the world, plays a crucial role in the dynamics of the Hajj and Umrah industry. According to data from

the Royal Islamic Strategic Studies Centre, the number of Muslims in Indonesia is estimated at around 237.56 million, or approximately 86.7% of the total national population. This large Muslim population makes Indonesia one of the largest contributors of Hajj and Umrah pilgrims in the world. In recent years, the number of pilgrims from Indonesia has shown a significant upward trend in line with growing public awareness of the need to perform the pilgrimage to the Holy Land (Rifai and M. Zein, 2021).

Table 1. ASEAN-4 Muslim Population, Hajj Pilgrims, and Umrah Pilgrims in 2023

	Country	Population	Muslim Population (percentage)	Hajj	Umrah (000)
1	Indonesia	277,43 million	266,50 million (87.2%)	221,000	1,500
2	Malaysia	33,60 million	21,17 million (63.5%)	31,600	300
3	Singapore	5,92 million	0,92 million (15.6%)	900	24,5
4	Brunei	0,44 million	0,38 million (81.7%)	1,000	60,0

Source: GASTAT (2024) and Statista (2023)

The increasing number of pilgrims has driven the growth of Hajj and Umrah travel agencies in various regions across Indonesia. Travel agencies play a crucial role in facilitating the implementation of the pilgrimage while providing services to ensure the comfort of pilgrims. However, this growth in the number of travel agencies has also given rise to increasingly fierce competition in the industry. Every travel agency is required to offer high-quality, innovative, and competitive services to attract and maintain the trust of pilgrims.

Table 2. Number of Indonesian Umrah Pilgrims

Year	Number of Pilgrism
2016	699,612
2017	875,958
2018	1,005,059
2019	974,650
2020	±246,000
2021	59,757
2022	1,004,900
2023	1,368,616

Source: Kementerian Agama RI

In addition to regulatory factors, pilgrims' preferences have also undergone significant changes. Currently, pilgrims consider not only travel costs but also the quality of service provided by travel agencies. Factors such as proximity of accommodation to the place of worship, transportation

quality, healthcare, security, and prayer assistance are important considerations in making their choice. Therefore, travel agencies that can provide a comfortable and professional pilgrimage experience will more easily gain pilgrims' trust and loyalty (Yuliana, 2024).

Previous research by (Maela et al., 2024) showed that the Hajj and Umrah industry not only has a religious dimension but also makes significant contributions to economic and social aspects. The development of this industry is marked by increasing digitization of services, innovation in travel packages, and the use of digital media in marketing. This digitization simplifies the registration process, payment transactions, and communication between travel agencies and pilgrims. However, this industry also faces various challenges, such as fluctuating currency exchange rates, visa policies imposed by the Saudi Arabian government, regulatory changes, and increased competition among travel agencies.

Research conducted by Rani and Widianita (2025) shows that the use of social media technology plays a significant role in increasing the number of pilgrims. Social media serves not only as a means of communication but also as a strategic tool in marketing religious services, including Umrah and Hajj. Through digital platforms such as Instagram, Facebook, and WhatsApp, travel organizers can disseminate information widely, quickly, and interactively to prospective pilgrims. Engaging content, pilgrim testimonials, and transparent travel package information can build public trust.

In this competitive context, digital transformation is a key strategy, serving not only as a tool for operational efficiency but also as a means of creating added value for pilgrims. Digitization enables companies to improve service quality through easy access to information, speeding up administrative processes, and providing transparency. Furthermore, the use of digital technology also opens up opportunities for companies to expand their market reach through social media-based marketing and other digital platforms.

Therefore, this study was conducted to examine in more depth how the competitive strategy implemented by PT Madinah Iman Wisata in facing the growing trend of the Umrah industry as part of the global transformation triggered by Saudi Vision 2030. Based on these conditions, there is a research gap in understanding how Umrah travel agencies formulate competitive strategies amidst the digital business transformation influenced by the Saudi Vision 2030 policy. This study is important to analyze the role of digital-based competitive strategies as a response to changes in industrial structure and market behavior. Thus, this study is directed to answer the question of how Umrah travel agencies' competitive strategies can be designed and analyzed in the context of digital business that is increasingly integrated with technology and global policies.

Method

This research uses a descriptive qualitative approach with a case study design at PT Madinah Iman Wisata Salatiga to analyze digital business-based competition strategies in facing

the dynamics of the Umrah industry influenced by the Saudi Vision 2030 policy. Primary data were obtained through semi-structured interviews with five key informants consisting of one bureau leader, two operational staff, and two pilgrims who used the service, who were selected purposively based on their direct involvement in the service process and decision-making. Data collection was conducted over four weeks with a total interview duration of approximately 240 minutes and all interviews were transcribed verbatim. Secondary data were obtained from internal company documents and regulations related to the organization of Umrah. Data collection techniques included interviews, limited observation of the digital service process, and documentation. Data analysis was carried out through data reduction, thematic coding, and drawing conclusions by maintaining validity through triangulation of sources and techniques, while the qualitative analysis procedure used refers to established thematic analysis methods and can be replicated by other researchers.

Results and Discussion

1. Company Profile

Figure 1. PT Madinah Iman Wisata Salatiga



Source: Document PT Madinah Iman Wisata Salatiga

PT Madinah Iman Wisata is a tour and travel company established in 2000 in the Bintaro area of Tangerang. Its branch in Salatiga began operating in 2016 as part of the company's business expansion. The company focuses on providing Hajj, Umrah, and halal tourism services, prioritizing the principles of professionalism, speed, security, and trustworthiness. PT Madinah Iman Wisata Salatiga is known as one of the Hajj and Umrah travel agencies with official legality and a reputation for providing excellent service to pilgrims. The services offered cover all pilgrimage needs, from rituals (manasik) and visa processing, ticketing, transportation, accommodation, and comprehensive pilgrimage assistance (PT Madinah Iman Wisata, 2024).

PT Madinah Iman Wisata's strength lies in its guaranteed certainty in various aspects of its services, such as departure, travel legality, flight permits, hotels, and visas. Furthermore, the company offers relatively affordable and reasonable Umrah costs, complemented by savings and Umrah advance programs, as well as insurance coverage for pilgrims. The Umrah pilgrimage process is systematically structured, from the registration process to the pilgrim's return home. To facilitate access to services, various payment methods are available, including cash, savings, and

financing in partnership with leading Islamic banks. Supported by a network of 30 branch offices spread across Indonesia, the company is able to provide easy access for prospective pilgrims to obtain services (PT Madinah Iman Wisata, 2024).

PT Madinah Iman Wisata's vision is to become a provider of Hajj, Umrah, and halal tourism services that prioritizes professionalism, speed, convenience, and trustworthiness in every aspect of its services. To realize this vision, the company has established several strategic missions, namely providing comprehensive services and guidance to ensure pilgrims are prepared and understand the pilgrimage. Furthermore, all pilgrimages and travel are conducted based on the guidance of the Prophet Muhammad (peace be upon him), thus remaining in accordance with Islamic values. Furthermore, PT Madinah Iman Wisata also strives to inspire the public through every trip it undertakes, by presenting experiences that are not only memorable but also provide inspirational value, in line with the inspiring journey concept that is the company's hallmark.

Figure 2. Organizational Structure of PT Madinah Iman Wisata Salatiga



Source: Document PT Madinah Iman Wisata Salatiga

The organizational structure of PT Madinah Iman Wisata Salatiga consists of several strategic positions that are integrated to support the company's operations. The Director plays a central role in managing and directing the organization, both at the strategic and operational levels. His responsibilities include managing three main branches: Salatiga, Solo, and Yogyakarta, requiring strong managerial skills to maintain consistent service and alignment with the company's vision and mission. Furthermore, the Director acts as a tour leader, accompanying pilgrims throughout their pilgrimage, ensuring the smooth running of all activities, and providing comfort from departure to return. In his leadership, the Director applies a family-like approach to create a harmonious work environment and enhance employee loyalty. Furthermore, the Director is involved in the technical preparations for pilgrims' departures, such as document processing and coordination with foreign partners. He actively builds networks with government agencies, banks, and airlines. His other role includes designing marketing strategies and service innovations to ensure the company's competitiveness in the Umrah industry.

The Deputy Director serves as the primary supporter of the Director in carrying out all company activities. Their role includes assisting and backing up the director's duties, overseeing smooth operations, and participating in various activities both inside and outside the office related to the company. Furthermore, the deputy director is responsible for managing external relations, establishing collaborations, and ensuring that all Hajj and Umrah services are carried out according to procedures. While the deputy director participates in deliberations with the team, the final decision rests with the director, who holds the ultimate authority.

Customer Service plays a crucial role as the frontline in serving pilgrims, particularly from registration to departure. This service process is conducted through both online and offline channels. Online, Customer Service responds to prospective pilgrims' inquiries from social media platforms like Instagram and Facebook using a communicative approach to explore their needs and tailor package offerings. The goal is to reach an agreement or close the registration. Meanwhile, offline support is provided through in-person office visits, brochure distribution, banner placement, and home visits. Service is also focused on the convenience of prospective pilgrims, including offering Umrah savings programs and incentives like discounts to encourage registration. Customer Service also assists with administrative processes such as passport applications and vaccinations. The administration department is responsible for managing all pilgrim data obtained from Customer Service. Its duties include checking the completeness and accuracy of documents such as ID cards, family cards, passports, and other documents, as well as summarizing pilgrim data for the registration process with relevant agencies, such as immigration. The administration department is also responsible for preparing departure manifests, managing travel documents, and coordinating with the ticketing and visa departments. Furthermore, the administration manages pilgrim payment summaries, monitors payment settlements, and coordinates with Customer Service to remind pilgrims who have not yet paid. Other duties include preparing manasik (prayer) invitations, recording pilgrim attendance, and evaluating closing data for each Customer Service representative as a basis for awarding incentives.

Graphic design plays a crucial role in supporting a company's promotional and branding activities. Its duties include creating various promotional media such as banners, brochures, and banners, as well as designs for manasik activities that help pilgrims understand the rituals. Furthermore, the design team is responsible for creating the company's logo and visual identity, developing Hajj and Umrah guidebooks, and designing promotional travel packages, both digitally and in print. Designers also create professional visuals for events such as departures and manasik (prayer rituals). During implementation, the design team collaborates with content creators to ensure the visuals align with the message, and to continuously develop creative concepts while keeping up with the latest design trends.

Meanwhile, the content creator team is responsible for developing and producing promotional content on a scheduled basis, particularly for social media. This team produces

content daily to attract prospective pilgrims by presenting engaging and informative information. The role of content creators has proven significant in increasing the number of registrants, as many prospective pilgrims learn about the company's services through published digital content. This demonstrates that digital-based marketing strategies are becoming increasingly effective.

2. Competitive Strategy in the Umrah Industry

Research conducted by Ratiyah in 2021 explained that the concept of competitive advantage is a crucial factor in facing increasingly fierce business competition, particularly in the era of globalization and the development of information technology. Referring to Michael E. Porter's thinking, competitive strategy is a series of planned actions undertaken by a company to obtain and maintain a favorable position in an industry. This strategy relates to how an organization utilizes resources, determines policy direction, and makes strategic decisions to address the dynamics of competition in the market. From a strategic management perspective, competitive strategy is oriented not only toward achieving company goals but also toward the organization's ability to respond to changes in the business environment, consumer behavior, and the intensity of competition between business actors (Porter, 1980).

According to Michael E. Porter, competitive strategy is a combination of a company's long-term goals and the policies or actions designed as a means to achieve those goals. Thus, competitive strategy positions a company as part of a broader industrial system, where an organization's success is heavily influenced by the interaction between the company and the various forces that shape the industry structure.

To understand the dynamics of competition within an industry, Porter proposed an analytical framework known as the Five Forces Model. This model explains that the level of competition in an industry is shaped by five main forces that interact with each other, namely:

- a. Competition between existing companies,
- b. Threat of new entrants,
- c. Threat of substitute products or services,
- d. Bargaining power of buyers,
- e. And bargaining power of suppliers.

Competition between similar companies reflects the intensity of competition in terms of price, product quality, and service innovation. Meanwhile, the threat of new entrants relates to the ease or difficulty of new companies entering an industry, influenced by entry barriers such as capital requirements, technology, and regulations. The threat of substitute products arises when alternative products or services exist that can replace the function of the primary product, potentially reducing market demand. Meanwhile, buyer bargaining power reflects consumers' ability to influence prices and service quality, while supplier bargaining power relates to the ability of material or resource providers to determine product prices and availability. Taken together,

these five forces form an important framework for analyzing industry structure and determining a company's competitive position within it.

In an effort to achieve competitive advantage, Porter introduced the concept of generic strategy, explained in his book, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. This concept explains three main strategic approaches that companies can use to achieve above-average industry performance:

- a. A cost leadership strategy emphasizes a company's ability to produce products or services at lower operating costs than competitors. Companies implementing this strategy strive to increase efficiency in various operational activities, enabling them to offer more competitive prices to consumers or achieve greater profit margins. Cost leadership is typically achieved through tight cost control, optimization of production processes, and the use of efficient technology.
- b. A differentiation strategy focuses on creating unique products or services that differentiate the company from its competitors. This uniqueness can be achieved through product innovation, superior service quality, the use of technology, or a strong brand image. With clear differentiation, a company can offer added value to consumers, encouraging them to be willing to pay a higher price than competitors' products.
- c. Meanwhile, a focus strategy is an approach in which a company focuses on a specific market segment. This segment can be a specific customer group, a specific product type, or a specific geographic region. Through this strategy, the company seeks to deeply understand the needs and characteristics of the selected market segment so that it can provide more specific products or services tailored to consumer preferences. In this way, the company can build customer loyalty and strengthen its market position within that segment.

In practice, companies are not always successful in defining a clear strategy. Porter explains that companies that attempt to implement all generic strategies simultaneously without excelling in any one of them will find themselves in a position known as "stuck in the middle" (Porter, 1993). This condition indicates that the company has failed to build a clear competitive advantage. The "stuck in the middle" phenomenon typically occurs when a company lacks a consistent strategic direction. Instead of focusing on a single, clear approach, companies attempt to combine multiple strategies simultaneously, but fail to achieve optimal effectiveness. This is due to the differing resource demands, policies, and management systems required by each generic strategy. As a result, companies are unable to compete effectively in terms of both cost and differentiation.

Theoretically, companies are encouraged to choose one generic strategy that best suits their internal conditions and industry environment. However, in practice, it is possible for companies to integrate more than one strategy simultaneously. However, this combination of strategies requires high managerial skills and effective resource management. For example, efforts to combine cost leadership and differentiation strategies often face challenges because differentiation generally

requires a greater investment. However, if a company is able to effectively integrate these two strategies, the benefits can be significant. Differentiation allows a company to set premium prices, while cost leadership helps maintain an efficient cost structure. The synergy between these two approaches can generate greater added value for the company while strengthening its competitive position in the market. The success of a competitive strategy is determined not only by selecting the right strategy but also by the company's ability to sustain it over the long term. A generic strategy will only produce above-average industry performance if the company is able to maintain it amidst competitive pressures and changes in the industry environment.

Strategic sustainability relates to the consistency of company policies, organizational structure, and resource allocation that support the strategy's implementation. Furthermore, a company must have the ability to respond to changes in the industry, such as technological developments, shifts in consumer preferences, and new regulatory policies. To maintain a competitive advantage, a company must create various barriers that make it difficult for competitors to imitate its strategy. These barriers can include high cost efficiency, unique product innovation, technological mastery, a strong distribution network, quality human resources, and a good reputation among customers. Each generic strategy requires different skills, resources, and organizational requirements to be implemented effectively (Porter, 1993). These differences are reflected in the organizational structure, leadership patterns, and work culture that develops within the company. Companies that implement a cost leadership strategy typically emphasize efficiency, cost control, and standardized work procedures. Conversely, companies that adopt a differentiation strategy tend to build an organizational culture that is more innovative, flexible, and open to the development of new ideas.

The research results show that the Umrah industry in the Salatiga and Central Java regions experiences high levels of competitive rivalry. This is characterized by the increasing number of Umrah travel agencies, similar service packages, and the competition for pilgrims at the marketing stage. This condition aligns with Porter's view that industries with relatively low barriers to entry will encourage many new entrants to enter the market.

The threat of new entrants also appears quite strong. Many new agencies have emerged, including alumni of pilgrims who see Umrah as a business opportunity. However, field findings indicate that not all newcomers are able to survive due to limited access to tickets, visas, and hotels. In this context, PT Madinah Iman Wisata holds a stronger position because it already controls part of the upstream industry as a provider. Meanwhile, the bargaining power of buyers (pilgrims) tends to increase. Pilgrims have numerous travel agencies to choose from with relatively similar packages, thus demanding quality service, certainty of departure, and trust. This situation forces travel agencies to compete not only on price but also on service value.

The threat of substitute products is beginning to emerge through the discourse of independent Umrah and Saudi Arabia's possible implementation of a Business-to-Consumer (B2C) scheme

through the NUSUK app. Although not yet fully realized, this situation has the potential to diminish the role of conventional travel agencies. Based on the competitive strategy framework proposed by Michael E. Porter, the Umrah industry can be understood as a sector with intense and dynamic competition, requiring every travel agency to have a clear and sustainable competitive strategy.

The research results show that PT Madinah Iman Wisata Salatiga does not purely implement a cost leadership strategy. The company tends to avoid extreme price competition that could potentially degrade service quality and undermine pilgrims' trust. Instead, the most dominant strategy implemented is differentiation. This is evident in the various innovative Umrah packages offered, such as the Umrah plus group viewing of Indonesian National Team matches, a free Umrah program for Quran memorizers (tahfidz), and a promotional Umrah package that includes a free mobile phone.

Furthermore, the consistent departure of pilgrims almost every month and direct worship guidance from the company's leadership are differentiating values that are difficult for competitors to imitate. This differentiation creates a more personalized pilgrimage experience for pilgrims and increases customer trust and loyalty. The differentiation strategy is also reinforced by the concept of service assurance, known as the 5P principle: departure assurance, legality, visa, ticket, and hotel. This provides added value for pilgrims and differentiates PT Madinah Iman Wisata from other travel agencies that lack direct access to major service providers.

Furthermore, the company also implements a focus strategy by targeting specific market segments. This is reflected in the use of region-based branding, such as the "Umrah Salatiga" and "Umrah Tingkir" identities, which aim to build emotional connection and trust among local communities. Through this approach, the company is able to avoid direct competition with travel agencies that operate in the ultra-low-cost mass market while simultaneously building pilgrim loyalty in a more specific segment.

By combining this service differentiation strategy and regional focus, PT Madinah Iman Wisata Salatiga has successfully avoided being stuck in the middle, a situation where a company lacks a clear cost advantage or differentiation, thereby sustaining its competitive position in the Umrah industry.

3. Competitive Advantage

PT Madinah Iman Wisata Salatiga's competitive advantage in the Umrah industry is reflected in various strategies oriented towards service differentiation, operational certainty, and strengthening social networks and the company's reputation. One key strategy is evident in the uniqueness of its Umrah packages. The company not only provides standard Umrah packages as found in other travel agencies, but also develops packages that are packaged creatively and innovatively. This variety of packages creates a unique appeal for prospective pilgrims and serves as a form of product differentiation amidst competition in the Umrah industry, which tends to offer

similar services. This uniqueness serves not only as a marketing strategy but also as a way for the company to create a more memorable pilgrimage experience for pilgrims.

Furthermore, the company's competitive advantage is also evident in its implementation of a service concept known as the "5Ps," which serves as both its mission and service standards. This concept emphasizes certainty in various important aspects of the Umrah trip, such as departure, legality, visas, tickets, and hotels. In the service industry, particularly in pilgrimage travel, service certainty is a crucial factor in determining customer satisfaction and trust. By ensuring that all these aspects are clearly and systematically executed, the company is able to minimize service risks and increase the sense of security for pilgrims performing their pilgrimage in the Holy Land.

On the other hand, PT Madinah Iman Wisata's position as a provider for other travel agencies demonstrates a partial vertical integration strategy within the Umrah industry value chain. With the ability to secure ticket quotas, visas, and hotel accommodations, the company not only serves pilgrims directly but also provides services to other travel agencies that lack direct access to primary service providers. This role not only expands the company's revenue streams but also strengthens its strategic position within the Umrah industry structure. Mastery of this upstream industry is difficult for competitors to replicate, as it requires substantial capital, an extensive network, and a high level of trust built through long-term collaborative relationships.

The company's trust and reputation are also crucial factors supporting this competitive advantage. Clear legal standing, a physical presence, and transparency in company operations are crucial elements in building credibility in the eyes of pilgrims and travel agency partners. In the context of strategic management, this kind of reputation can be understood as an intangible asset with high strategic value because it is difficult for competitors to replicate. A good reputation not only increases pilgrims' trust but also opens up opportunities for broader collaboration with various parties in the pilgrimage travel industry.

Beyond reputation, the network of pilgrims and partners also serves as a source of strategic strength for the company. Pilgrims who have used PT Madinah Iman Wisata's services not only act as service users but also become part of a social network that indirectly supports the company's marketing activities. Positive experiences gained during the Umrah service process foster trust and loyalty, which are then realized through recommendations to family, friends, and their social circle. This word-of-mouth recommendation mechanism has a significant influence in a trust-based service industry like Umrah travel.

Overall, the findings of this study indicate that PT Madinah Iman Wisata Salatiga's competitive advantage is determined not only by its marketing mix but also by service consistency, departure certainty, and the integration of religious values into its business practices. The combination of service innovation, operational certainty, a strong reputation, and a strong social network of pilgrims forms a foundation of competitive advantage that is relatively difficult for competitors to replicate. By sustainably managing these resources, the company's competitive

advantage is not merely temporary but has the potential to be sustained over the long term amidst the ever-evolving dynamics of the Umrah industry.

4. Utilization of Digital Technology

With the Umrah industry currently undergoing transformation due to global policies such as Saudi Vision 2030, organizational adaptability is a crucial factor. The digitalization of services, regulatory changes, and increased competition among travel agencies require organizations to not only maintain core values but also adapt to the dynamics of the external environment. In this regard, digital transformation can be understood as a concrete form of organizational adaptation in response to increasingly technology-driven environmental changes. According to Denison (2006), an adaptive organization is one that understands the needs of the external environment, is willing to take risks, and learns from experience to create sustainable change. This aligns with the implementation of digital transformation at PT Madinah Iman Wisata, where the company not only adopts technology as an operational tool but also integrates it into its competitive strategy to improve service quality and pilgrim satisfaction.

According to Denison, the dimensions of organizational cultural adaptability can be measured through three main indicators: creating change, customer focus, and organizational learning. These three dimensions are closely related to digital transformation as a competitive strategy in the Umrah industry. Creating change relates to an organization's ability to develop flexible and innovative work patterns. Furthermore, customer focus demonstrates an organization's ability to understand and continuously meet customer needs, which is crucial in the Umrah industry because services are not merely administrative but also relate to the pilgrim's spiritual experience. Meanwhile, organizational learning refers to an organization's ability to capture and process information from the environment as a source of innovation.

The development of digital technology in recent years has brought significant changes to various aspects of economic and business activities, including the Umrah travel services sector. Digital transformation has not only impacted how companies conduct promotions but has also changed communication patterns between service providers and consumers. Increasingly accustomed to using digital devices and social media in their daily lives, companies are adapting their marketing and service strategies to remain relevant to these behavioral changes. In the Umrah travel industry, the use of digital technology is a crucial factor in increasing marketing reach, strengthening communication with pilgrims, and improving service efficiency.

PT Madinah Iman Wisata utilizes digital technology as a strategic tool to reach a wider audience and adapt its services to evolving market needs. The use of digital technology aims not only to increase promotional effectiveness but also to streamline communication and service delivery to pilgrims. Through this approach, the company strives to keep pace with the shift in people's interaction patterns, which are increasingly shifting from conventional to digital-based

communication. Thus, digital technology becomes a tool that supports the company in maintaining competitiveness amidst the ever-evolving dynamics of the Umrah travel industry.

PT Madinah Iman Wisata's use of digital technology focuses on optimizing opportunities that are most relevant and relevant to current market conditions. The company utilizes various digital channels to expand its marketing reach while increasing access to information for prospective pilgrims. The use of social media, the company's official website, and paid advertising on various digital platforms are part of the implemented marketing strategy. This approach demonstrates that the company does not rely solely on conventional promotional methods but also utilizes digital technology as a more effective and efficient communication medium in reaching the public.

Operationally, PT Madinah Iman Wisata utilizes several popular digital platforms, such as Instagram, Facebook, TikTok, and the communication app WhatsApp. Furthermore, the company maintains an official website to provide information regarding travel packages, departure schedules, and the various services offered to pilgrims. Through these various platforms, the company can deliver information more quickly and reach prospective pilgrims from various regions without being limited by geographic distance.

Although research results indicate that PT Madinah Iman Wisata has successfully implemented digital technology adaptation in various operational aspects, there are several areas that need to be addressed needs to be critically examined. The technological adaptation undertaken is essentially still at the functional implementation stage, namely utilizing technology to improve process and marketing efficiency. This is evident in the primary focus of digitalization, which still revolves around registration systems, payments, and promotions through social media. In other words, the digital transformation undertaken has not yet fully reached the strategic stage capable of transforming the business model comprehensively.

Conceptually, the ideal digital transformation does not stop at using technology as a tool but also encompasses changes in organizational mindset, work culture, and innovations in technology-based service models. In this context, PT Madinah Iman Wisata still has the opportunity to develop more integrated digital systems, such as the use of a standalone application-based platform, a Customer Relationship Management (CRM) system, or pilgrim data analysis for more data-driven decision-making.

The transformation from a previously largely offline marketing and service system to one that utilizes digital media is being carried out gradually. This change is in line with evolving consumer behavior, which is increasingly using the internet and social media to seek information, including information related to Umrah pilgrimages. By utilizing digital media, companies can accelerate the process of disseminating information and increase interaction with prospective pilgrims through more responsive and accessible communication.

In addition to using social media as a means of communication and promotion, PT Madinah Iman Wisata also utilizes paid advertising on various digital platforms to expand its market reach. This strategy enables the company to reach a wider segment of the population compared to conventional promotional methods. Digital advertising can be targeted to specific groups based on the characteristics of social media users, allowing for more targeted promotional messages. Through this strategy, companies can increase the visibility of their services and strengthen their image amidst the increasingly competitive Umrah travel industry.

Although in practice, the use of digital technology has not been specifically linked to broader digital transformation policies such as the development programs launched by the Saudi Arabian government, PT Madinah Iman Wisata's steps can be understood as adapting to emerging digital trends in society. The use of digital media as a marketing and service tool demonstrates the company's awareness of the importance of adapting its business strategy to changes in the external environment. By utilizing digital technology gradually and sustainably, the company strives to maintain the relevance of its services while enhancing its competitiveness in the ever-evolving Umrah travel industry.

Overall, PT Madinah Iman Wisata's digital technology adoption can be categorized as a progressive step that has positively impacted efficiency and service quality. However, to achieve a more sustainable competitive advantage, the company needs to develop a deeper, more integrated, and more strategically based digital transformation. Thus, technology adoption is not only a response to change but also a key driver of innovation and future organizational growth.

5. Opportunities and Challenges

The opportunities and challenges faced by PT Madinah Iman Wisata demonstrate that the company operates in the Umrah industry, which faces significant competitive pressure. The Umrah travel industry is influenced not only by market dynamics and consumer behavior, but also by external factors such as government policies, international regulations, and changes in the pilgrimage management system imposed by the Saudi Arabian authorities. These conditions require every Umrah travel agency to possess strong adaptability to maintain business sustainability amidst ongoing changes. In this context, PT Madinah Iman Wisata faces a dual-faceted situation: opportunities that can be exploited to strengthen the company's position in the industry, and challenges that must be strategically managed to avoid disrupting the company's operational stability.

The primary opportunity for PT Madinah Iman Wisata relates to the long-term prospects of the Umrah industry. The Umrah pilgrimage is a fundamental Islamic religious practice with a strong spiritual dimension and relatively stable demand over time. As long as access to the pilgrimage remains open to the Saudi Arabian government and there are no significant restrictions on the performance of the Umrah, the demand for the Muslim community is expected to persist. This makes the Umrah industry one of the religious service sectors with long-term sustainable

demand. Therefore, Umrah travel agencies that can maintain service quality and build pilgrim trust have a chance to maintain their presence in this industry.

Beyond sustainable demand, another opportunity for PT Madinah Iman Wisata lies in its role as a provider for other Umrah travel agencies. Within the Umrah travel industry, not all agencies have direct access to key service components such as flight ticket quotas, visa processing, or partnerships with hotel accommodation providers in Mecca and Medina. Access to these components is usually obtained through long-term partnerships that require a high level of trust from various stakeholders. Therefore, travel agencies that have this access hold a more strategic position within the Umrah industry value chain.

PT Madinah Iman Wisata leverages this position by serving as a service provider for other travel agencies that do not yet have direct access to these key services. In practice, the company not only serves pilgrims who register directly but also provides support services to other travel agencies wishing to send their pilgrims through PT Madinah Iman Wisata's network. This role provides distinct advantages for the company, opening up additional revenue streams beyond selling Umrah packages to individual pilgrims. Furthermore, its position as a provider expands the network of collaborations between travel agencies, enabling the company to strengthen its influence in the pilgrimage travel industry ecosystem.

This structural advantage is not easily attained by all Umrah travel agencies. To achieve a position as a provider, a company must possess adequate resources, including capital, an international network, and a trusted reputation among business partners. A strong network allows the company to gain easier access to various facilities required to organize Umrah trips. Thus, the role as a provider not only provides economic benefits but also strengthens the company's strategic position in the competitive Umrah industry.

Furthermore, opportunities arise from growing public awareness of the quality of pilgrimage travel services. In recent years, people have increasingly considered legality, security, and certainty of departure when choosing an Umrah travel agency. This is due to numerous cases of fraud or failed departures in the Umrah travel industry. This situation encourages prospective pilgrims to be more selective in choosing a travel agency with a good reputation and reliable service. For companies with a clear service system and a strong track record, this situation can actually present an opportunity to strengthen public trust and increase the number of pilgrims.

In addition to these opportunities, PT Madinah Iman Wisata also faces various challenges stemming from the dynamics of the Umrah travel industry. One of the main challenges the company faces is the rapid and frequent changes in regulations. This requires operational adjustments within a relatively short timeframe. Regulations related to the organization of Umrah can originate from various parties, including the Indonesian government, the country of origin of the pilgrims, and the Saudi Arabian government, the primary organizer of the Umrah pilgrimage. Any policy changes issued by these two parties can impact the operational processes of travel

agencies, from administrative procedures and visa processing systems to the departure mechanism for pilgrims.

These regulatory changes require companies to be highly adaptable to adapt to new policies without disrupting services to pilgrims. In some cases, regulatory changes can even directly impact departure schedules, operational costs, and administrative requirements that pilgrims must fulfill. Therefore, companies need a flexible management system and strong coordination skills with various relevant parties to ensure that any policy changes can be responded to appropriately and quickly.

Another equally significant challenge is the increasing level of competition among Umrah travel agencies. The growth in the number of travel agencies in recent years has created increasingly fierce competition to attract prospective pilgrims. Many travel agencies offer a variety of Umrah packages at competitive prices and with various additional facilities to attract consumers. In a situation like this, companies must maintain their competitive advantage to avoid losing market share. Competition not only affects travel package prices but also service quality, company reputation, and product innovation offered to pilgrims.

In addition to competition between travel agencies, another challenge potentially impacting the Umrah industry is the emergence of new business models that allow pilgrims to access travel services directly from providers in Saudi Arabia. This model is often associated with the business-to-consumer (B2C) concept, allowing pilgrims to book travel services without going through intermediaries like travel agencies in their home countries. If this model becomes widespread, the role of local travel agencies could change, as some services could be accessed directly by consumers.

This potential disruption is a concern for many players in the Umrah travel industry, including PT Madinah Iman Wisata. Nevertheless, the company believes that travel agencies still play a vital role in providing pilgrimage assistance, administrative services, and guidance on rituals for pilgrims. Many prospective pilgrims still require direct assistance in preparing for and performing their pilgrimage in the Holy Land. Therefore, travel agencies that can provide added value in the form of comprehensive services still have a chance to survive in this industry.

To address these challenges, PT Madinah Iman Wisata implements an adaptive and flexible strategic approach. The company strives to continuously monitor regulatory developments and industry dynamics to take appropriate steps to respond to any changes. Furthermore, the company focuses on short-term opportunities deemed most realistic to capitalize on given market conditions. This approach allows the company to maintain operational stability while maintaining its competitive position amidst ever-evolving industry competition.

Overall, the opportunities and challenges faced by PT Madinah Iman Wisata demonstrate that a company's success in the Umrah travel industry is heavily influenced by its ability to capitalize on available opportunities while managing the various risks arising from the external

environment. With an adaptive strategy and the utilization of its existing networks and resources, the company has the potential to maintain business sustainability and strengthen its position in the Umrah travel industry.

Conclusion

Based on the research results, it can be concluded that the Umrah travel industry in Salatiga and Central Java is highly competitive, with dynamic market characteristics. The high number of travel agencies, similarity of service products, and increasing bargaining power of pilgrims indicate that this industry faces strong competitive pressures. Furthermore, the threat of new entrants and the potential for disruption through digital platforms such as independent Umrah packages further exacerbate the complexity of competition in this industry.

In this context, PT Madinah Iman Wisata Salatiga demonstrates strong adaptability and strategic positioning. The company, rather than opting for a cost leadership strategy, emphasizes differentiation through innovative Umrah packages, service assurance (the 5Ps concept), and a more personalized pilgrimage experience. This strategy is reinforced by a focused approach to local market segments through region-based branding, which creates emotional connection and increases pilgrim loyalty. This combination of differentiation and focus strategies enables the company to avoid being stuck in the middle and maintain sustainable competitiveness.

The company's competitive advantage is also supported by several key factors: service innovation, operational certainty, a strong reputation, and an extensive network of pilgrims and partners. The company's position as a provider in the Umrah industry value chain provides a strategic advantage because it allows control of some upstream aspects, such as access to tickets, visas, and accommodation. This not only expands revenue sources but also strengthens the company's position within the industry structure, making it difficult for competitors to imitate.

On the other hand, the utilization of digital technology is a crucial element in supporting the company's business strategy. The use of social media, websites, and digital advertising demonstrates an effort to adapt to increasingly technology-based consumer behavior. Although not yet fully integrated into a comprehensive digital transformation framework, these steps have helped the company expand its market reach and improve the effectiveness of communications with pilgrims.

In terms of opportunities, the Umrah industry has a relatively stable long-term outlook, driven by the spiritual needs of Muslims. The company's position as a provider and increasing public awareness of the importance of quality and legal services also present strategic opportunities that can be exploited. However, the company continues to face various challenges, such as rapid regulatory changes, increasing competition, and the potential for disruption from new digital-based business models.

Overall, PT Madinah Iman Wisata Salatiga's success in maintaining its position in the Umrah industry is determined by its ability to combine differentiation strategies, market focus, technology utilization, and sustainable network and reputation management. With an adaptive approach based on the company's internal strengths, PT Madinah Iman Wisata has strong potential to maintain its competitive advantage amidst the ever-evolving dynamics of the Umrah travel industry.

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