

Development of E-Commerce Marketing Strategy for Small and Medium Enterprise (SME) in Indonesia

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Abstract. E-marketing is a way to market a product, from first meeting to purchase to delivery and beyond. Marketing is about customer management and must establish relationships between goods and customers daily so that there is added value in each process. This study uses quantitative data by collecting data on the number of users, starting from an understanding of E-marketing, the advantages of using E-marketing, and others. E-marketing user data was also collected in every Small and Medium Enterprise (SME) in Indonesia using a questionnaire. This study has a valid amount of data on e-marketing techniques. The types of e-marketing techniques used include pay-per-click, social media marketing, email marketing, paid advertising, and search engines. E-marketing strategies also play a very important role. Strategies regarding the 4Ps and relationship management to achieve the objectives of the plan regarding the product, price, place (distribution channel), and promotion.

1 Introduction

Nearly everyone in big cities currently relies on the internet and social media like Facebook, Twitter, and Instagram to support their way of life [1]. Not a few have accessed the internet to find the products they need. The above facts show a very large potential market share for producers to reap profits [2]. Therefore, various parties have sprung up to build an online business (E-marketing), ranging from small players to big players [3].

Generally, these small players use medium to low-cost media and even free, such as blogs, buying and selling forums, and marketplaces. For big players, they generally prefer medium to upper paid media and even world forums that contain sellers from various countries, like e-bay, amazon, and alibaba.com. SMEs can also use media to increase consumer confidence in buying with the recommendation and suggestion features of other parties [4]. Purchases are also very much determined by the aesthetics of the user interface, which is built by adopting the human-interaction design method [5]. But the media used by these online sellers is not standard or arguably does not rule out the possibility of them playing in any media [6][7].

Not only offline businesses are at risk, but online businesses (E-marketing) are also at risk [8]. The risk can be faced by the seller (seller), as well as the buyer (buyer). Fraud accidents can happen to the seller and buyer in various ways. For the buyer, goods may have been paid for but not delivered by the seller. Alternatively, the item the seller sends is not what was promised. However, it is not only the buyer who can be harmed, the seller is also often disadvantaged. Like a

buyer makes an appointment with the seller but is not kept. It can even happen that the buyer and seller are both disadvantaged by the broker. Apart from that, there are still a lot of fraud modes committed by both buyers and sellers such as scams, phishing, hacking, cracking, and carding. Due to the reasons and phenomena of this fraudulent mode, many cause consumers to avoid shopping online. Many also think that the price offered is far more than the market price due to shipping costs [9].

Even so, there are still many consumers who prefer to shop online. Because there are many conveniences and advantages of online transactions such as saving time, energy-saving, and massive choices. Of course, various consumer responses regarding online business (E-marketing), will certainly greatly affect the development of the online business itself. If the response from consumers is negative, it will have a negative effect or even vice versa. This study aims to find suitable e-commerce marketing techniques and strategies for SMEs.

2 Background Theory

Businesses take advantage of the internet's ability to transfer information via homepages for marketing purposes and customer attraction using a variety of data types such as video, animation, sound, photos, and text [10]. The emergence of micro, small and medium enterprises (SMEs) in Indonesia and the increasing number of internet users have triggered the development of e-commerce in Indonesia. Besides, SMEs with the creative industry sector is increasing. The creative industry contributed up to 7.02 percent of GDP in 2013.

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In Indonesia, which is endowed with a wealth of people resources and cultural history, a number of creative industries have the prospect to grow. Apart from making a significant contribution to the national economy, the creative industry was also able to absorb 10.65 percent of the labor force and contributed 5.51 percent of export value to national exports in 2012 [11].

The creative industry can grow with an average trend of 5.12 percent in the 2011-2013 period [12]. This is not surprising given the vast potential of Indonesia's creative industry. The Department of Culture, Media, and Sport (DMCS) in the UK also stated that the creative industry grew the highest among other industrial sectors [13]. This is new hope for the Indonesian economy because the creative industry is an industry that is very feasible to be developed and has a great opportunity to fix the Indonesian economy. To be able to continue to compete globally, the creative industry needs to be supported by adequate technology so that it can produce goods by increasing quality and quantity.

In an increasingly developing era, many businesses have sprung up and made public awareness of opportunities in the business sector, one of which is SMEs. According to the Minister of Cooperatives and Small and Medium Enterprises, the number of SME businesses in Indonesia reaches around 56.5 million. 99.8 percent are SMEs [14]. This number increases from year to year in line with Indonesia's economic growth. The contribution of cooperatives and SMEs to Indonesia's gross domestic income (GDP) is 56 percent [15]. With the empowerment of cooperatives and SMEs, our economy will get better and grow. Indirectly, SMEs help the economy of a country. In addition to the development of SMEs, internet users also continue to grow. By utilizing the internet, someone can use it as a business field, one of which is SMEs. The number of internet users climbed by 16.2 million in 2014, from 71.9 million to 88.1 million, according to the Association of Internet Service Providers. The increasing number of internet users has prompted businesses to use e-commerce for their SMEs. E-commerce in Indonesia is still relatively low, even though the potential for e-commerce in Indonesia is quite high. From the data obtained by The Networked Readiness Index, Indonesia ranks 79th in the world. The order of Indonesia in 2015 has decreased from 2014, namely the order of 64 [16].

One of the ways to increase e-commerce in Indonesia is by adopting e-commerce. One of them is through UMKM. The adoption of e-commerce in SMEs must be increased so that e-commerce in Indonesia can increase. But there are still many SMEs that haven't gone online yet. According to data from the Central Statistics Agency (BPS), out of 17 million SMEs spread throughout Indonesia, only 75 thousand SMEs have websites, so they have not fully seized market opportunities in the

digital world. Based on a recent survey of 200 SMEs in Indonesia, an average of 29% of their annual income is obtained from online transactions [17]. Therefore, researchers are interested in conducting research on the development of e-commerce marketing for micro and macro enterprises through SMEs in Indonesia.

3 Methodology

Some SMEs have changed the way business is conducted by employing the e-marketing technology. The use of the internet and mobile devices for electronic transactions allows SMEs to reduce a variety of risks while opening a wide range of opportunities. Hanson (2001) adopted the proposed Internet Marketing (IM) framework. This study adopts an Internet Marketing (IM) framework based on the following three journals [18]:

- Marketing journal.
- Journal of economics, business, and management.
- Journal of information systems (JIS) and information technology (JIT)

This study uses quantitative data by collecting data on the number of users, starting from an understanding of E-marketing, the advantages of using E-marketing, and others. E-marketing user data was also collected in every SME in Indonesia using a questionnaire. After the desired data has been collected, it must be ensured that the data is "clean" and appropriate, namely by performing data cleansing. If the data can be ascertained to be "clean", then an exploratory data analysis (EDA) is carried out which aims to help get to know the existing data more deeply. Data that has been adjusted will be obtained using SPSS version 23. The data will be processed so that the appropriate output will be issued in the form of tabulations, the number, and the frequency of E-marketing users.

4 Results and Discussion

4.1 E-marketing Techniques

Table I shows the validity of the amount of data on e-marketing techniques in this study. Email marketing, social media marketing, paid advertising, pay-per-click, and search engines are some of the several kinds of e-marketing that are used. The most frequent use of this type of e-marketing is a combination of question media marketing and email marketing, which is six. This was followed by a combination of e-marketing types of social media marketing and paid advertising as many as five.

Table 1. e-Marketing Techniques Validity.

Technique	Frequency	Percent	Valid Percent	Cumulative Percent
pay-per-click, social media marketing	1	2.9	2.9	2.9
Email marketing, paid advertising, pay per click	1	2.9	2.9	5.7
paid advertising, pay per click	1	2.9	2.9	8.6
Social media marketing, email marketing	6	17.1	17.1	25.7
social media marketing, email marketing, paid advertising	3	8.6	8.6	34.3
social media marketing, paid advertising	5	14.3	14.3	48.6
social media marketing, paid advertising, pay per click	4	11.4	11.4	60.0
search engines, paid advertising	1	2.9	2.9	62.9
search engines, social media marketing	4	11.4	11.4	74.3
search engines, social media marketing, pay per click	3	8.6	8.6	82.9
search engines, social media marketing, email marketing	1	2.9	2.9	85.7
search engines, social media marketing, paid advertising	3	8.6	8.6	94.3
search engines, social media marketing, paid advertising	1	2.9	2.9	97.1
search engines, social media marketing, pay per click	1	2.9	2.9	100.0
Total	35	100.0	100.0	

The Figure 1 shown a bar chart containing the gender and educational qualifications of the respondent. Based on the following diagram, the most gender is male, and the most educational qualifications are undergraduate graduates. It can be concluded that the largest gender in the study sample was male and graduated with a bachelor's degree.

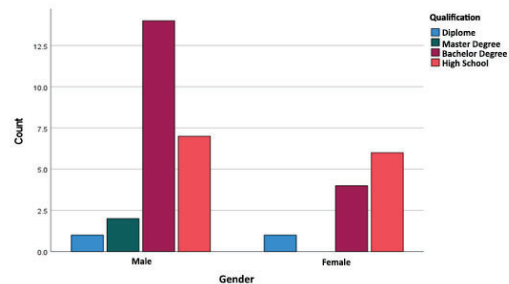


Fig. 1. Gender and educational qualifications

The following Figure 2 shown is a bar diagram that contains the number of marketing intermediaries with the sexes of men and women. The most marketing intermediaries are a combination of social media, internet, and local commercial guides with the male gender. For the female sex, the marketing intermediaries are on the same average.

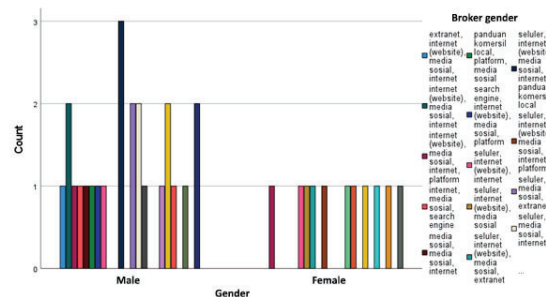


Fig. 2. Broker

The Figure 3 below is a bar chart containing the length of experience and educational qualifications. Based on the diagram shown, it is obtained that the most length of experience is 1 to less than 4 years with the most qualifications being undergraduate. The minimum number of educational qualifications is diploma and high school qualifications.

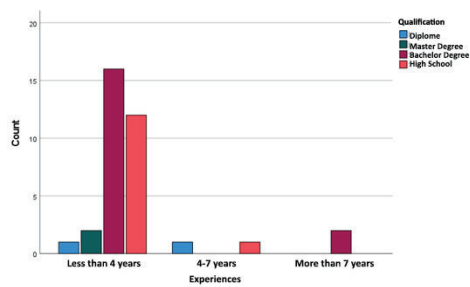


Fig. 3. Crosstab between educational qualifications and length of experience

The following Figure 4 is a bar chart containing the nature of the respondent's work and educational qualifications. It can be seen that the nature of the job is mostly found in the type of nature of the job as owner with the most qualifications in undergraduate and high school qualifications.

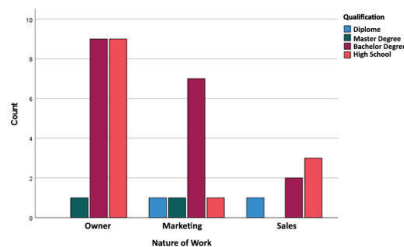


Fig. 4. Educational qualifications and nature of work

Based on the diagram above, it can be seen the relationship between the nature of work, length of work, and the total budget of the e-marketing techniques used. For the nature of the job, most owners, with the e-marketing technique used, are a combination of email marketing, paid to advertise, and paid per click. Furthermore, for the long working relationship, the most length of work was obtained, namely 1 to less than 4 years. The most common e-marketing techniques are social media marketing and email marketing. Meanwhile, the total budget of less than 10 percent has the highest level of use of e-marketing techniques on social media and email marketing as well. Marketing through social media uses a smaller budget compared to other types of e-marketing.

Not only e-marketing techniques that must be considered for the marketing process, but marketing strategies also need to be considered. A key component of the e-marketing strategy is customer relationship management, particularly in the areas of product, pricing, place (distribution channel), and promotion. The trading takes happen in a marketplace now thanks to the internet. The primary distinction is that the technological interface now mediates the exchange relationship's nature. There are various interface design factors to take into account as interfaces move from being person-mediated to being technology-mediated. Identifying the anticipated return on investment is essential to effective strategic planning. Marketers will regularly track real income and expenses as they carry

out the plan to determine whether the intended results have been obtained. Because technology records every visitor click, the internet is one of the methods that can be used to track results. It is required to compute revenue projections, intangible benefits, cost savings, and e-marketing expenses in order to acquire accurate budget data. To support the above statement, Goldman Sach argues that the business model in online business services (E-marketing) is divided into 6 (six) types, including:

- Business Connectivity based internet access services to its customers.
- Business context that provides services in the form of information and entertainment.
- Content A business that provides services based on text or images as the core of its business.
- Communication Internet-based communication service using interactive media.
- Business Community that builds a digital community with message media, boards, web chat, and webmail providers
- Commerce Business model that conducts internet-based business activities.

From the information provided about e-marketing, it can be inferred that this marketing technique, also known as marketing through online media or (E-marketing), makes use of the internet. Through E-marketing, consumers can learn more about products, engage in transactions to buy and sell goods, and promote both the products they have already purchased and the businesses from which they have done so.

5 Conclusion

Continuous evaluation is necessary for an e-marketing strategy to be implemented successfully. Companies can employ marketing tactics to improve the success of their Internet marketing programs and see if they are meeting their goals in order to assess the marketing results.

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