

The Role of Digital Marketing in Improving Sales to SMEs in Dealing with ASEAN Economic Community

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Abstract— Technology continues to grow, and the benefits of the Internet increasingly felt for users who can not be separated from the Internet, including small and medium enterprises (SMEs) in utilizing information technology to run its business. An increasing number of competitors into consideration for business actors to innovate in winning the competition. In the era of the ASEAN Economic Community (AEC), SMEs are required to continue to develop their market potential as more and more foreign products are flooding the Indonesian market. The use of digital marketing to be the right solution for the perpetrators of SMEs, the use of the Internet in the promotion process is expected to increase sales volume for SMEs. The purpose of this research is generally to describe the impact of digital marketing on sales volume for SMEs in Batam. This study uses qualitative methods, using triangulation model, which combines structured interview method, in-depth interview, and observation on SMEs. Digital marketing makes it easy for SMEs to provide information and interact directly with consumers. Digital marketing is also expanding market share, increasing awareness, and increasing sales for SMEs.

Keywords—Digital marketing, sales, ASEAN Economic Community.

I. INTRODUCTION

Technological advances are something that can not be avoided in today's life, as technological advances will go according to the progress of science. Every innovation is created to provide positive benefits, provide many conveniences, as well as a new way of doing activities for human life. Especially in the field of technology, the community has enjoyed many benefits generated by the innovations that have been produced in this decade.

The benefits of the internet are increasingly felt for the wearer who can not escape from the internet world. Like for example, the internet marketers, bloggers, bloggers, and now online stores increasingly have a place in the eyes of consumers who are looking for certain goods. Ministry of Communications and Informatics (Kemkominfo) states that internet users in Indonesia to date has reached 82 million people. With these achievements, Indonesia is ranked 8th in the world [1].

A survey conducted by the Association of Indonesian Internet Network Providers (APJII) revealed that more than half of Indonesia's population has now been connected to the

internet. The survey, conducted throughout 2016, found that 132.7 million Indonesians were connected to the internet. As for the total population of Indonesia itself as much as 256.2 million people. This indicates a 51.8 percent increase compared to the number of internet users in 2014 ago. Surveys conducted APJII in 2014, and there are only 88 million Internet users. According to APJII chairman, the increasing number of internet users in Indonesia is due to the development of infrastructure and the ease to get a smartphone or gadget. So this becomes an opportunity for SMEs to use information technology as a medium in developing its market [2]

Picture 1. E-Commerce Activities



Source: we are social (2017)

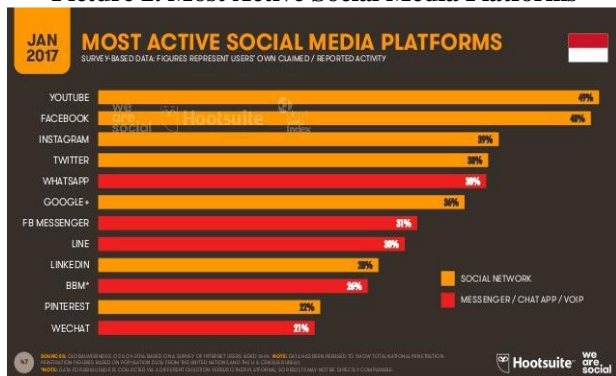
The above figure shows that as many as 48% of internet users in Indonesia was searching for goods or services online, 46% of 3 users visit online stores, 34% of users transact online via computer or laptop, and 33% of other users make online transactions via mobile devices like a smartphone. This shows that the potential of online shopping and internet usage as a medium to promote business is entirely developed in Indonesia [3].

Platforms that are often used in digital marketing is social media or social networking. The available social networks sometimes have different characteristics. There is a nature for friendship like Facebook, Path, Instagram, and Twitter. There is also a special to find and build relationships such as offered LinkedIn. Besides, there are also more personal media such as electronic mail (e-mail) and text messaging. Search engines like Google and Yahoo can be empowered. Besides, business actors can also take advantage of media blogs or personal sites.

We are Social, a digital marketing agency in the United States, said that the most widely used social media platform in Indonesia as of January 2017 is Youtube (49%) and by Facebook (48%). Instagram (39%), Twitter (38%),

Whatsapp (38%), and Google (36%) occupy the next position. The rest is sequentially occupied by FB Messenger, Line, LinkedIn, BBM, Pinterest, and Wechat [4].

Picture 2. Most Active Social Media Platforms



Source: we are social (2017)

The development of information technology is overgrowing. Some activities of Small and Medium Enterprises (SMEs) utilize information technology to run their business. An increasing number of competitors into consideration for business actors to innovate in winning the competition. The right marketing communication strategy is used to reach the target market so that it can increase sales [5].

Small Medium Enterprises (SMEs) must be able to compete in the international market so as not to be oppressed. Moreover, in this era of competition, the perpetrators of SMEs should be intelligent information technology (IT) in order to facilitate the marketing of products to overseas. Noted, the number of SMEs in Indonesia quite a lot, approximately 50 million perpetrators of SMEs. In today's digital era, SMEs players will need the right information technology to grow and compete in the digital era today. The perpetrators of SMEs find it challenging to get the right information technology solution because SMEs actors do not have specialized staffs who are experts in the field of dynamic information technology. Another obstacle, namely the wide variety of technological products, make the perpetrators of SMEs confused, choose the right solution. Therefore, SMEs need a guide to choose the right information technology according to the type of business and its needs.

Digital marketing is one of the most frequently used media by business actors because of the new capabilities of consumers following the stream of digitalization. Some companies gradually start to abandon the conventional marketing model and move on to modern marketing. With digital marketing communication and transactions can be done any time / real-time and can be accessed worldwide, one can also see various goods through the internet, most information about various products already available on the internet, ease of ordering and the ability of consumers in comparing one product with other products [6].

II. LITERATURE REVIEW

Micro, Small, Medium Enterprises (MSMEs)

According to Law Number 20 of 2008 [7] regarding Small and Medium Enterprises (SMEs):

- Micro Business is a productive business owned by individual and individual business entity fulfilling the criteria of Micro Business as regulated in this Law.
- Small Business is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or not a branch of a company owned, controlled, or becomes part of the direct or indirect business of medium or large business that meets the criteria of Small Business as referred to in this Act.
- Medium Enterprise is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or a branch of a company owned, controlled or becomes part directly or indirectly with a Small Business or a large business with a net worth or annual sales proceeds as provided in this Law.

Understanding Digital Marketing

Digital Marketing can be defined as a marketing activity, including branding using various web-based media [8]. E-Marketing or digital marketing is defined as the use of digital technology to achieve marketing objectives as well as efforts to develop or adapt the marketing concepts themselves, to communicate within the global scope, and change the way businesses do business with customers [9]. Digital marketing is marketing using the application of technology digitally. One form of digital marketing by using electronic media or internet is internet marketing (e-marketing). E-Marketing is a marketing process that uses electronic communication technology, especially the internet. The role of digital marketing strategies can be crucial in following the development of digital technology and developing plans to attract consumers and direct them to a blend of electronic communications and traditional communications [10].

According to Chaffey [10], such retention can be achieved by increasing the knowledge of consumers such as profile, behavior, values, and loyalty level, then unify targeted communication and online services according to the needs of each. Digital marketing is a marketing activity, including branding that uses various web-based media such as blog, website, e-mail, AdWords, or social networking [8]. The presence of digital marketing is due to the rapid development of technology with Web 2.0 coupled with mobile technology, quoted from the book Cracking Zone Rhenald Kasali [11] wherewith mobile technology, everyone who has internet network, can get accurate information only in hand.

Making the company 'easy' to reach by customers by being present in media with direct access to customers is the core of digital marketing. This is a horizontal approach. When marketers and customers are in the same line, they can reach each other, customer satisfaction will be fulfilled because the customer must be served horizontally [12].

Characteristics of Digital Marketing

Ali Hasan [9] describes that digital marketing has several characteristics, as follows:

- Efforts to improve business interactivity with technology-dependent customers.
- An electronic dialogue (interactive technology) to provide access to information to customers (communities, individuals)
- Attempt to conduct all business activities through the internet for research, analysis, and planning purposes to find, attract, and retain customers.
- Efforts to increase the acceleration of buying and selling goods and services (specific), information, and ideas via the internet.

The Changing Digital World in Marketing

Digital technology has changed the way people "talk," communicate, act, and make decisions. Every day we are always in touch with various technologies ranging from the internet to mobile phones. This proves that the digital world has become our world. Here are the concepts, principles, or laws that need special attention to marketers in marketing activities, branding, and selling in the digital world [8]. Consumers are currently paying attention to the content that is presented by marketers, which does irrational thinking aimed at influencing consumers' purchasing decisions [13].

The 4Cs (Customer, Cost, Communication, Convenience)

The use of the Internet has changed most of the marketing concepts that previously only rely on marketing mix consisting of product, price, place, and promotion, but the current development of the addition of the 4C approach that consists of customer, cost, convenience, and communication. Businesses must consider the cost to maximize profit and internet usage also make consumers comfortable, as consumers can buy products only from home, and companies need to develop two-way communication to establish good relationships with customers [14].

III. METHOD

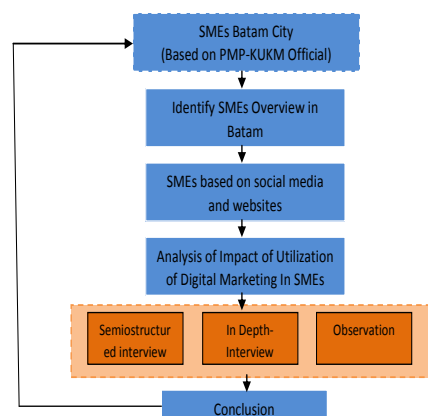
This study uses qualitative methods, using triangulation model, which combines structured interview method, in-depth interview, and observation on SMEs. Theoretically, the qualitative research format is different from the quantitative research format. The difference lies in difficulty in making qualitative research designs because in general qualitative research is not patterned.

According to Bogdan and Taylor (1975) cited in Moloeng [15] states that the qualitative methodology as a research procedure that produces descriptive data in the form of written or oral words of the people and behavior that can be observed. Further described by David Williams (1995) as quoted in Moleong [15] that qualitative research is the collection of data in a natural setting, using natural methods, and done by researchers who are interested in nature.

Qualitative research aims to obtain a complete picture of a thing according to the views of the human being studied.

Qualitative research is related to the ideas, perceptions, opinions, or beliefs of the people studied, and numbers can not measure all.

Picture 3. Research Steps



This study uses data from official PMP-KUKM [16] regarding the number of SMEs active in Batam city, then following the criteria of the sample, the study is limited to SMEs that have used information technology either using social media like Facebook, Instagram, twitter, youtube, etc., then use the chat platforms like WhatsApp, BlackBerry Messenger (BBM) and the line or the SMEs using the personal website as well as in the media marketplace as Bukalapak, Tokopedia, Shopee, and others. In a study will be visible the impact of the use of digital marketing in increased sales volumes for SMEs in the city of Batam. Research using structured interviews, in-depth interviews, and observations,

In a qualitative study did not use the term population. The sampling technique used by the researchers is a purposive sample. A purposive sample is a sampling technique with particular consideration [17], Then according Arikunto [18] in a purposive sample selection on a study will be guided by the requirements that must be met as follows:

- Sampling should be based on the characteristics, qualities, or specific characteristics, which are the fundamental characteristics of the population.
- Subjects that will be taken as a sample must be indeed a subject that most contain the features contained in the population (key subjects).
- Determination of the characteristics of the population carried out carefully in the preliminary study.

Purposive sampling, which is a way of selecting several elements of the population to become members of the sample, where the selection is made based on the decision of the population who meet the criteria are:

- SMEs are active in Batam
- Using digital marketing strategies including the use of social media like Facebook, Instagram, youtube, twitter and others, use chat platforms like WhatsApp, BlackBerry Messenger (BBM) and the line, as well as the use of personal websites and marketplaces.
- Willing to be the subject of research.

IV. RESULT AND DISCUSSION

Based on the results that have been in the can through in-depth interviews and observations with informants is an SME in the city of Batam. Technological developments make the SMEs need to adapt, especially in the marketing process. Digital marketing by using social media, social chat, marketplace, and the use of other platforms, make it easier for SMEs to be able to attract and interact directly with consumers.

The 12 SMEs that become informants in this study consists of various categories of industries, including food and beverage, fashion, retail, and creative industry. The SMEs stated that the use of technology to make them feel helped, especially at this time, all consumers active on social media and today's consumers tend to prefer shopping via online.

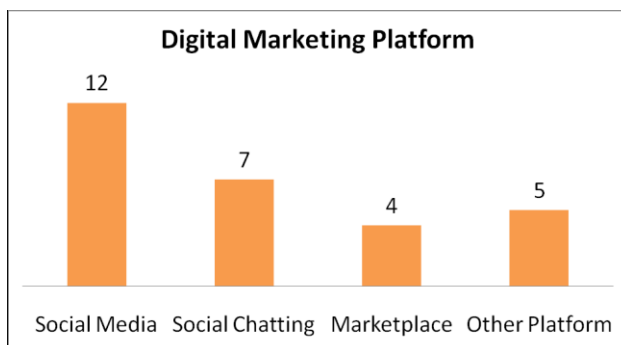
Table 1. Informant data

Business name	Type of Business
Lavender	Bag
Café Abang and Xiao Saa	Food
Sprei Batam	Bedcover
takoyaki Baatam	Food
Mr. Cut	Men's Haircut
Queen Shabby	House wares
Ebrownies	Food
Putra Siregar Phone Shop	Handphone & Accessories
Star Milkshake	Beverages
Florist Batam	Florist
Mini Martabak Africa	Food
Ramly Burger	Food

Source: data processed (2018)

Overall the SMEs using social media as a means to inform and interact with consumers of 12 SMEs, only 7 who use social chat to interact and provide information to customers and 4 SMEs use the marketplace as Shopee, Tokopedia and Lazada and other platforms such as the availability of the product in Go-Food application and use of youtube as a medium promotion by SMEs.

Picture 4. Digital Marketing Platform



Source: data processed (2018)

Some SMEs using social media to inform and communicate with consumers, social media are often used include Facebook, Instagram, and youtube, some of these platforms is quite effectively used in informing the entire product and interact directly with consumers, even a few for some SMEs use youtube also useful to give confidence and foster an excellent image to consumers.

As for social chats are often used by the SMEs is WhatsApp and Line, consumers often use both platforms in addition to ease of use, the SMEs can also create custom groups and send a product catalog for their loyal customers. Some SMEs collaborate with the marketplace to sell their products throughout Indonesia, In this case some consumers take advantage of the platform marketplace in Indonesia, namely Shopee and Tokopedia, in addition to an easy to use marketplace that provides security for SMEs in terms of payment because the marketplace will transfer the amount of money paid from consumers when their products have reached the hands of consumers.

Table 2. Digital Marketing usage by SMEs

No.	Variable	Total	Percentage
1	Social Media		
	• Instagram	12	100%
	• Facebook	8	67%
	• Youtube	2	17%
2	Social Chat		
	• Whatsapp	10	83%
	• Line	4	34%
3	Marketplace		
	• Shopee	7	58%
	• Tokopedia	2	17%
4	other Platforms		
	• Go-Jek	5	41.6%

Source: data processed (2018)

Some SMEs to update information in both social media as well as on other platforms i.e., every other day as much as 67% and more SMEs are usually updated product information every hour and every week. With the more, frequent the SMEs in updating the product information that will encourage consumers to buy their products. Mainly performed by Putra Siregar Phone Shop, SMEs is almost every hour post their products for consumers from Putra Siregar Phone Shop not only of the region but also throughout the course Batam Indonesia. Hundreds of mobile phone they send daily routine even not only from ordinary consumers who buy country some celebrities also buy at Putra Siregar Phone Shop.

Table 3. Frequency of updating information

Frequency of Updating Information	Total	Percentage
every hour	2	18%
every day	8	67%
every week	2	18%
every Month	0	0%

Source: data processed (2018)

The 4Cs Approach

Results obtained from interview to informants who are SMEs in Batam city, based on the 4C approach consisting of cost, customer value, convenience, and communication. SMEs agree that digital marketing to help them in the promotion and market their products effectively. The informant found their digital marketing make significant savings on promotion as long as they still rely on online

marketing such as flyers, ads in newspapers and advertising through billboards, their spending will be higher when they use offline marketing. It is also reinforced by previous studies, which stated that internet marketing expand market reach, lower marketing costs and improve relationships with customers [19], However, some SMEs not maximize digital marketing to the fullest because of the influence of ignorance in the use of digital marketing such as making the company's website, maximize Search Engine Optimization (SEO) and using Google AdSense as a media campaign [20],

Table 4. Result of informant interview

Informant	Interview result	Conclusion
LV	"The use of social media and the like is quite helpful in communicating and add loyal customers since visitors prefer to buy through the marketplace rather than having to stop by the store"	Communication, convenience
CA	"Average visiting Café Abang is a person who saw our social media, every day I always inform and upload new products or repost our old products and consumers can become a co-creator for our products in the future"	Communication, convenience, customer relationship
SB	"We use social media, especially Facebook because it does not need to charge for posting on facebook and consumers will directly contact us and they can direct to our shop or we can send products via courier service"	Cost, communication
TKB	"By using social media and other applications that make my sales increase and I always give the new menu on instagram and now we have been collaboration with Go - Food so that consumers can enjoy products anytime and anywhere"	Convenience, communication
MC	"Social media is a media campaign that's because our customers can see all the activities and the various products available in the barbershop pomade us, consumers can easily interact with us"	Customer relationship, cost, communication
QS	"Our biggest sales are from online for our customers not only from the region but throughout Indonesia Batam, use of social media and the marketplace allows us to sell our products and introduce"	Convenience, communication
EB	"Currently we use many ways to introduce our products, ranging from the use ads instagram, instagram and hook active endorser to endorse our products and we are also still using offline by putting Videotron in great walks"	Communication, cost, customer relationship
PS	"Our sales are mostly from online, it may be only partially buy directly into the store, with social media, just as shopee and Tokopedia marketplace, facilitate transactions and extend to the rest of Indonesia"	Customer relationship, convenience
SM	"We use social media to inform our product and want to be closer to customers, with social media and the like we easily promote our products and pulses capital only just"	Customer relationship, communication
FB	"Social media and co nsuer marketplace makes me wider and easier interaction with the consumer and the consumer is convenient to communicate with us"	Customer relationship, convenience
MM	"We do every day is always updating all the information in the form of discounts and p romotion so, social media allows us to promote and joining with platform Go Food to make people more convenient and comfortable to buy our product"	Communication, convenience
BR	"It does not require a lot of costs for promotion, we always	Cost, convenience,

Source: Data processed (2018)

Some informants agree that marketing via digital provide cost savings, improve interactions with customers, and provide convenience. SMEs need to pay attention to the marketing process effective use at this time. Some of the things done by the informant is updating information through social media, website, a marketplace, an exceptional group of customers, and so forth, on average they update the information once a day due to retain old customers and attract new customers to buy their products. With the Internet, they can save costs for promotion, for when they

use social media, they need the internet quota or limited budget for advertising through utilizing Google AdSense, Facebook ads, etc.

Increase in Sales Volume

Some consumers said that to promote through digital make their sales increasing; it has affected by the ease of consumers to access corporate information and order products. This is also supported by studies of Selitto [21]. The use of internet marketing can increase sales, although in very remote locations. Some informants agree that digital marketing makes their sales increases ranging from 30% to 100% for digital marketing extend the reach of consumers and make it easier for consumers to access information that has been provided in social media, website, or on other platforms.

Table 5. Percentage increase in sales

Informant	Sales Growth%
LV	80%
CA	40%
SB	60%
TKB	40%
MC	30%
QS	70%
EB	80%
PS	100%
SM	40%
FB	40%
MM	60%
BR	40%

Source: Data processed (2018)

From the table above it can be seen that the SMEs have increased sales because of consumers easier to interact sellers directly and consumers are, also quickly get all the information starting price of the product, menus, promos and so forth. Some SMEs collaborating with marketplace as Shoppe and Tokopedia so that consumers from all over Indonesia can buy the product in Batam, for SMEs that no category of food and beverages, in collaboration with Go Food so that consumers can order food and drinks without the need to come directly to the store, consumers can purchase through the app can Go-Jek drivers will deliver orders to the home buyer.

V. CONCLUSION

The whole of SMEs stated that the use of digital marketing to help them inform and interact directly with consumers. SMEs say that the use of digital marketing expand their market share, increase awareness for consumers because SMEs regularly update information on the product every other day and increased sales for some SMEs are also collaborating with several marketplaces such as Shoppe and Tokopedia then for SMEs which category of food and drinks collaborate with Go-Food applications making it easier for consumers to buy their products.

Internet marketing is a whole new approach in the world of marketing that can save costs, improve customer loyalty and make a systematic order [19], Internet marketing is significantly managing information and customer

relationship [22], The role of government is not only providing assistance to SMEs to promote their products but also need to form an entrepreneurial mindset for SMEs, so that this will be a sustainable program [23].

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