

The Usage of Digital Marketing Channels in Micro Small and Medium Enterprise (Study in Bandung District)

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ABSTRACT: Micro Small Medium Enterprise or MSMEs has become the backbone of the Indonesian and ASEAN economies. Approximately 88.8% - 99.9% form of business in ASEAN is MSMEs with labor absorption reach 51.7% - 97.2%. MSMEs in Indonesia have a proportion of 99.99% of the total entrepreneurs or 56.54 million units. Therefore, cooperation for the development and resilience of MSMEs should take precedence. Today, businesses are beginning to shift by using digital technology. Every single process of business is related to social media, internet, and application based. That's why Today MSMEs should begin to adopt digital technology because the market is already shifted towards there. From internet user data displayed that Internet Users in Indonesia of 82 million active users is certainly a very potential market to be consumers. The problems in this research are the switch of marketing trends from conventional (offline) to digital (online), the number of business actors, especially MSMEs that utilize digital marketing is not proportional to the number of Internet users growth, and there are a lot of MSMEs who does not understand how to do digital marketing by utilizing social networking. The purpose of this study is to provide insights into the digital marketing, and examines the factors that influence the adoption and use of digital marketing channels in MSMEs. Research method used in this research is a method of collecting data and analyzing data and combining quantitative and qualitative approaches through several phases of the research process. The results of this study, can generally be explained that the use of IT among MSMEs in Bandung District has been relatively popular in terms of the ability of the business actors operate computers and in terms of accessing the internet. But when viewed from the use of computers and the Internet to support the management or management of their MSMEs on generally relatively low. The results of this study also very clearly illustrate that the level of education of MSMEs is highly correlated with their ability to utilize IT as supporting facilities for management of MSMEs

Keyword: *MSMEs, Digital Marketing, Business, Small Business*

1 INTRODUCTION

Today thanks to a wealth of new digital technologies, marketers can interact and reach customer anywhere and anytime. Technology changer the way we do marketing. Most of those activity related to the internet. Based on data from , a survey by the Indonesian Internet Service Providers Association, or APJII, internet users in Indonesia recorded 143.26 million in 2017, a 7.9 percent increase from 2016 (APJII, 2017). Many of them using the internet for so many activity such as: payment, information exchange, media for communicaion, social relation, media for business and etc. Digital marketing is basically promotion of

brands using all available forms of digital advertising media to reach the target segment. There are so many media that can be use for digital marketing such as Radio, mobile, Internet, Television, social media marketing and other less popular forms of digital media like Digital Signage, Digital bill boards, etc. Digital marketing is a new approach to marketing, not just traditional marketing boosted by digital elements (Liu, Karahanna and Watson, 2011; Kotler *et.al.*, 2011).

Micro Small Medium Enterprise (MSME) as one of business entity who should using Digital Marketing. Every single process of business is related to social media, internet, and application based. That's why Today MSMEs should begin to adopt digital technology because the market is already shifted towards there.

According to the survey, about 44.16 percent of the respondents accessed the internet with their mobile phones, 39.28 percent used computers and mobile phones, while 4.49 percent used computers only. The study revealed that 89.35 percent of them used the internet for chatting, 87.13 percent to access social media, 74.84 percent to use search engines, 72.79 percent to view images, and 70.23 percent to download videos. Several features were usually accessed simultaneously (<http://jakartaglobe.id/business/indonesia-143m-internet-users-2017-apjii/>). Indonesia was ranked as the 5th highest internet penetrated in the world (<https://www.internetworldstats.com>). More than 40% of the amount of internet user in Indonesia are the Social media user (Instagram, Facebook, Twitter). The biggest amount of users can be catagorizes as a potential customer related to digital marketing that is using for MSMEs. In fact, the marketing reality of MSMEs is far from that of large corporations and hence digitization is a greater challenge for them (Taiminen and Karjaluo, 2015).



Figure 1. Digital in Indonesia

Social media plays a vital role in marketing and creating relationships with customers. With limited barrier to entry, micro small businesses are beginning to use social media as a means of marketing. Unfortunately, many small businesses struggle to use social media and have no strategy going into it. As a result, without a basic understanding of the advantages of social media and how to use it to engage customers, countless opportunities are missed (Adegbuyi, Omotayo Adeniyi., Akinyele, F.A. and Akinyele, S.T. 2015).

SMEs seem not to be keeping pace with digital developments, mostly due to the lack of knowledge of digital marketing. Most of the studied SMEs do not apply the full potential of the new digital tools and hence are not benefitting fully from them.

2 THEORETICAL BACKGROUND

There is no standart definition of marketing din MSME, especially digital marketing. Optimization

of using smartphone to do business is a big achievement. Most of their marketing is spontaneously, informal and disorganized

Online marketing is the fastest growing form of marketing. Widespread using of the Internet and other powerful new technologies are having a dramatic impact on both buyers and the marketers who serve them. The major online marketing domain include Busines to Business (B2B), Business to Consumer (B2C), Consumer to Consumer (C2C) and Consumer to Business (C2B) (Kotler *et al*, 2011). MSMEs can be a player in those 4 types of domain. So it would be very potential to MSMEs to using digital marketing in their business process.

Social Media is one of sub unit of Internet Marketing which is part of Digital Marketing. Social media is one of Internet application that has played an important role in modern marketing and retailing. Most of business activity using social media to promote and also enggage the customer. The Internet has been highly influential to combine “IT” and “the business”. (Nuseir, 2016)

Many companies view the use of social media as a profitable marketing tool from which they can derive several benefits such as to attract new customers and reach existing customers more efficiently, increasing performance and efficiency and improving growth and competitiveness (Taiminen and Karjaluo 2015; Lindqvist, 2017; Adegbuyi, *et al*, 2015; Nuseir, 2016). In addition, the internet marketing can benefit SMEs by reducing costs (Srinivasan, *et al*, 2016)

3 RESEARCH METHODE

Research method used in this research is a method of collecting data, analyzing data and combining quantitative and qualitative approaches through several phases of the research process. Data were gathered from 30 in-depth semi-structured interviews conducted with micro small business owners located in Bandung District.

A case study approach was applied in this study, with the field interviews of Micro small business owners. The Bandung Districtmicro small business enterprises were presented as a sample in the context of developing countries. Interviews were chosen as a data collection technique in this study as it gave opportunities to participants todeliver their views and thoughts in greater depths as compared to other data collection techniques such as questionnaires (Mokhtar, 2015). The objective of the interviews was to gather knowledge of the companies’ digital marketing activities, their usage of digital channels and the difficulties experienced in using them. The survey charted digital marketing usage from a wider

perspective and contextualized the results from the interviews.

The participants had to fulfil a few criteria to be included in the field interviews: they has only one owner, with a total of up to five employees including the owner, More and more people of every age, particularly women and minorities, are starting their own Micro Businesses because of the upward mobility and flexibility that they provide, they were independent businesses, which not belong to any companies or subsidiaries, and they already get digital marketing workshop by Telkom University (Community Service Program by telkom University in Cooperation with Koperasi Pengembangan Ummat Darul Tauhid - KOPMU-DT).

4 RESULT

According to the survey findings, almost all (76 percent) of the respondents or 23 MSMEs said they do not utilized the digital marketing because they can't access to the internet or lazy to learn how the social media is. 17 percent of the respondent (5 MSMEs) said they utilized the digital marketing poorly or extremely poorly and only just 3 percent (2 MSMEs) described their current digital marketing as very good or excellent. Most of the MSMEs still runing the business in traditional way, the do not optimize social media such as facebook, instagram to sell and promote their products and services. Instead of using social media for their personal life. Most of them using personal account for run their business.

MSMEs who reported investing more in digital marketing perceived that they utilized it better. This indicates that the MSMEs that have adopted digital marketing and made the necessary investments have also been able to take advantage of these tools.

According to the survey, the digital marketing channels used most often were the owner arround 20 up to 35 years old. They know how to operate the social media and sometimes using facebook Ads or Instagram Ads to promote their business and join the e-commerce (Bukalapak, Tokopedia). However, none of these channels was utilized very actively.

Among the MSMEs whose representatives were interviewed, no one of them had set a clear goal for their social media to attracting new customers or maintaining the existing customer. Facebook page was to facilitate communication and once or twice to facilitate their product. Although almost half of the interviewed companies used social media, none of them used social media for the purposes of dialogical communication; instead they used the channel primarily to post personal news. Social media was still seen as a largely informal and relaxed communication channel.

All the MSMEs were also well aware that it is possible to measure the influence of marketing practices through digital channels; however, only a few respondents were able to clearly state what should be measured and primarily, what marketing goals they should set. It seemed that digital marketing within the companies studied was mostly implemented in spontaneously rather than planned.

Based on this research, we can find, there are some barriers for using social media: First, lack of sufficient skills for using digital marketing or they perceived lack of need to use social media in order to run their business. It happened almost in all the MSMEs.

“it is difficult to adopt digital marketing or technology because we have no education”. We want to join the e-commerce such as but dont know how

“we think internet is not necessary for our business. We have facebook and instagram but only for communication with other friends or family”

Second barrier is lack of monetary and time resource, lack of access to the internet (internet quota limit).

“we dont have budget to buy internet quota, and sometimes doesnt have time to use it”

Third, Uncertainty about how to use new digital tools and finding the right person to take care of digital marketing. Solution to this barriers might be by giving continous education to MSME and also Government has to improve access to the Internet (Wifi).

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