

Marketing Strategies Model with E-Commerce in Improving Market Area of SMEs in Rural District Ciamis, West Java Province, Indonesia

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Abstract

The purpose of this study was to determine the model of marketing strategy with e-commerce to improve the SMEs market in a rural area. This objective is achieved by the Research and Development where researchers participating in the activities. The results showed that the total SMEs in Ciamis regency as many as 13,127 consisting of micro-enterprises 10 426 units (79.42%), small businesses 1,875 units (14.28%), and medium-sized businesses 826 unit (6.29%). The number of SMEs in Ciamis regency many as 1,248 units consisting of 963 units of small-sized businesses and 285 units of medium-sized businesses. Small-sized businesses dominated in District of Banjarsari (97 units), followed by the District of Panumbangan (73 units). Medium-sized business dominated in the District of Sadananya (124 units), followed by the District of Banjarsari (45 units). The marketing area of SMEs in the district of Ciamis include 96.47% local marketing, 3.41% regional marketing, 0.11% national marketing, and 0.02% international marketing. Local marketing is dominated by SMEs which are in District of Ciamis (1209 units) and the District of Cipaku (1076 units), regional marketing is dominated by SMEs which are in District of Sadananya (71 units) and the District of Lakbok (38 units), the national marketing is dominated by SMEs which are in District of Cipaku and Panumbangan, and international marketing undertaken by SMEs located in the District of Rancah and Purwadadi. That the lack of funding, human resources, and competencies, the marketing model is most suitable for SMEs in Ciamis regency is optimizing Search Engine, Youtube marketing, Fan Page and social media (Facebook, Twitter, Blackberry Messenger, Line, Whatsapp , G +, Instagram).

Keywords: Model Strategies Marketing, e-Commerce, Market Size, SMEs

1. Introduction

With the emergence of the internet and the electronic commerce technology, the distribution channels of enterprises and related business models and business activities will be affected (Ma, et al, 2015). In recent years, with the rapid development of internet technology, enterprise business model has entered a new century. Many traditional enterprises have adopted Internet technology in the online publicity, sales of its products, and have achieved great success, the huge gains; human society began to enter the era of network economy (Zhang, et al, 2015). In the current competitive business environment, marketing can be seen as a matrix of business activities organized to plan, produce, price, promote, distribute goods, service, and ideas for the satisfaction of relevant customers and clients. The process of communicating the value of a product or service to customers, for the purpose of selling the product or service has become complex in recent times due to globalization (Dzisi and Ofosu, 2014).

Owing to the low growth rate of global economies, high unemployment and an unsatisfactorily high level of poverty in countries, the creation of the small and medium sized business sector plays a critical role in economic growth (Vuuren & Groenewald, 2007). SMEs play a strategic role in the fight against poverty through employment creation. Therefore, SMEs may continue to play an optimal role in the effort to tackle unemployment numbers continue to rise. According to Tambunan (2009), the majority (approximately 89%) of SMEs are in the countryside, so that the business groups are expected drive the development of the rural economy.

Based on the results of a survey conducted by the researchers, the use of e-commerce in SMEs about 80% do not use the website, while the website is a core part of doing online marketing, is inversely proportional to the development of e-commerce is so rapid that is not offset by the use of e-commerce by SMEs in the countryside.

It is widely acknowledged that SMEs play an important role in the vitality of local economies around the globe. The introduction of new technology has changed the way businesses are conducted in the global world. The roles of technology in the process of bridging trade barriers include improving and diversifying methods of communication, widening the advertisement platform and ensuring efficient and timely delivery of goods and services (Dzisi and Ofosu, 2014).

The major challenge faced by many SMEs have been how to globalize their operations in order to be able to better source raw materials and components and to take advantage of proximity to global markets in order to compete head to head with much larger companies (EurActiv, 2009 citated by Dzisi and Ofosu, 2014). Market access constraints facing SMEs include; poor quality products, lack of knowledge to explore niche markets, limited resources to promote their products and poor market research. ICT can improve market access by facilitating communication with customers, competitive positioning, enable information acquisition and production of quality

products, generation of market information, reduction in logistic costs, facilitating access to global markets, facilitating market research, networking, market transactions and market identification (Kiveu and Ofafa, 2013).

The purpose of this study are: (1) Know and analyze models of marketing strategies with media e-commerce, (2) Determine and analyze the situation and condition of SMEs in the countryside, and (3) Knowing the model of marketing strategy with e-commerce on SMEs in the countryside can increase the area of marketing.

2. Theoretical Framework

The arrival of the era of E-commerce requires the improvement of the function of the commodity trading, from the circulation of a company and the whole social marketing process to reduce the cost and meet customer needs. Under the environment of e-commerce marketing model better meets the increasingly fierce competition in the market for personalized customer needs, from the means solve the difficult to solve in the past to quickly understand and meet customer needs, as well as the enterprise and the market for a good docking, and the basic defect of modern management and marketing theory is corrected, the enrichment and development of modern marketing theory (Zhang, et al, 2015).

The marketing strategy consists of the basic principles underlying the management to achieve business objectives and marketing in a target market. The marketing strategy contains basic decisions about marketing, marketing mix and allocation of marketing (Kotler, 2004).

Electronic commerce (e-commerce) is the marketing and servicing of products, services, and information via computer networks (O'Brien and Maracas, 2006). Many companies are now engaging in or sponsoring three basic categories of e-commerce applications, namely: e-commerce business-to-consumer, business-to-business and consumer-to-consumer (O'Brien, 2005). Business-to-Business (B2B) e-commerce, in which businesses focus on selling to other businesses, is the largest form of e-commerce. The other types include Business-to-Consumer (B2C) e-commerce, in which online businesses attempt to reach individual consumers. Consumer-to-Consumer (C2C) e-commerce is another type that provides a way for consumers to sell to each other, with the help of an online market maker such as the auction site eBay. P2P e-commerce enables internet users to share files and computer resources directly without having to go through a central Web Server. M-commerce involves the use of wireless networks, handheld devices, personal computers and wireless digital devices to enable transactions on the Web (Mutua, et al, 2013).

SMEs cut across all sectors of the economy, providing a prolific source of employment, income, government revenue and poverty reduction (Kiveu and Ofafa, 2013). The ability of SMEs to survive in an increasingly competitive global environment is largely dependent upon their capacity to leverage information as a resource and to benefit from the value of information (Kiveu and Ofafa, 2013). According to Solomon (2009), the advantages of e-commerce for SMEs, among others, are reducing the cost of doing business, and the price in real-time. While limitation is the lack of security, fierce price competition, conflicts with conventional sellers, and unresolved legal issues.

3. Research Methodology

This study uses the method of Research and Development, is a research method to produce specific products as well as assessing the effectiveness of these products in order to function in society, especially SMEs in the countryside which is in the district of Ciamis. The unit of analysis to be used in this research is that SMEs in Ciamis regency focused on SMEs in the countryside and has the potential to be developed.

4. Results and Discussion

4.1. Models of marketing strategies with media e-commerce

The influence of information technology on social practices has mainly been to the effect of making information about them more accessible. Social attitudes have changed with the effect that citizens of a society now expect the various elements of that society to be better informed than previously. They also expect to be able to access more information about a specific product, service or organization so that they can make informed decisions with regard to their interactions with that entity. The use of information technology to monitor a businesses performance can also enable the business to highlight areas where they are not making the most use of their resources. The use of information technologies can also increase the businesses income through advertising in the various available forums (Iskandarani, 2008).

Electronic commerce promises to be the momentum behind a new wave of economic growth (Mariotti and Sgobbi, 2001). Information technology today has become a regular feature of the global society. In today's economy knowledge, the use of information technology by firms increases their competitive advantage. Moreover, not only the intensity of the use of information technology, but also the quality of the use of information technology is an important factor for SME development (Berisha-Shaqiri, 2014).

E-commerce Marketing Strategies developed as a business where there are two things that are important: selecting a market share which the company will operate and develop the marketing mix for each market selected.

The marketing strategy through e-commerce can be visually seen in Figure 1.

Marketing products through e-commerce can be conducted using Youtube, Group, Fan Page, Search Engine Optimization SEO) and social media. According to Brogan (2010), social media is a new set of communication and collaboration tools that enable many types of interactions that were previously not available to the common person. According to Kotler and Keller (2012), social media is a means for consumers to share information text, images, audio and video with each other and with the company and vice versa.

According Gunelius (2011), the purpose of the most common use of social media are: (1) Build relationships with consumers actively, (2) Increase brand awareness, increase recognition and memory of the brand and increase brand loyalty, (3) the Company may share important information and modify the negative perception, (4) Providing exclusive discounts and opportunities for the customers to make people feel valued and special, as well as to meet short-term goals, (4) Using the tools of the social web to learn about customers, create a profile demographics and customer behavior, learning about the wants and needs of consumers, as well as learn about competitors.



Figure 1. Integrated Marketing System

According Puntoadi (2011), the use of social media to work for: (1) build personal branding, and (2) provide the opportunity to interact more closely with consumers. The company can know the habits of consumers and interact personally and build a deeper attachment. From the above explanation can be concluded that social media is a means of delivering information, both among people and groups based on their experiences. The use of social media can facilitate the process of delivery of such information within a faster and more personalized

4.2. Situation and condition of SMEs in the countryside

Ciamis regency has an area of 876.8 km² consisting of 26 subdistricts and 336 villages. Data in 2015 showed that as many as 13,127 units of the number of SMEs, micro enterprises 10,406 units, 1,875 units of small businesses, and medium-sized enterprises 826 units.

SMEs in Ciamis had made several attempts to increase the area of marketing. The marketing area of 13,127 SMEs in Ciamis are: (1) 12 663 SMEs do marketing locally. SMEs in the district of Ciamis was the highest (1,209 units) and Jatinegara fewest (80 units), (2) 448 SMEs conduct regional marketing. District of Sadananya was the highest (71 units) and the district of Lumbung fewest (3 units), (3) 14 SMEs conduct national marketing. District of Cipaku is the largest (8 units), followed by the district of Panumbangan (6 units), and (4) 2 SMEs conduct international marketing namely SMEs in district of Rancah and Purwadadi.

4.3. Model of marketing strategy with e-commerce on SMEs in the countryside

Media advertising is divided into two, namely the online and offline media. Online media advertising leads to the world of the Internet, while the offline ad leads to newspapers, magazines, and other print media (Bergemann and Bonatti, 2011). The producers in the world use the Internet as an advertising medium. One of them is to use social media (Hart, 2008 in Hadija, 2012). Online marketing strategies that can be implemented by SMEs countryside only a few because of factors of information technology skills of its human resources. Online marketing strategy that works for Rural SMEs are: Website On SEO, Group, Video, Mobile and Social Media. Most SMEs in Ciamis still market their products to the local market. Only 2 SMEs already doing online marketing.

Social media is the most widely used today as a means of marketing online are Facebook, Twitter, Blackberry Messenger, Line, Whatsapp, Instagram, Google+ can be made mobile. Marketing in this way facilitate the management because it can be managed directly from any location. The use of social media takes time at the beginning of the effort to locate and gather people to make friends and like product produced. Periodically necessary to update data items to be marketed to maintain consumer confidence in the product being marketed.

5. Conclusion

- (1) 13,127 SMEs in Ciamis regency, 12 663 SMEs do marketing of products locally, 448 SMEs do marketing the product at the regional level, 14 SMEs do marketing the product on the national level, and 2 SMEs do marketing products at the international level. SMEs who do a lot of marketing locally is a district of Ciamis (1,209 units), followed by district Cipaku (1,076 units) and the district of Sadananya (1,015 units). SMEs most do marketing on a regional basis is in district of Sadananya (71 units) followed by district of Lakbok (38 units) and the district of Cihaurbeuti (29 units). SMEs who do marketing to internartional level that are in the district of Rancah and Purwadadi.
- (2) The number of SMEs in Ciamis regency as many as 13,127 units. Micro-businesses as much as 10 426 units (79.42%), small businesses as much as 1,875 units (14.28%), and medium-sized enterprises 826 units (6.29%). The marketing area of SMEs: (1) 96.47% do marketing locally and is dominated by SMEs which are in district of Ciamis (1,209 units) and district of Cipaku (1,076 units), (2) 3.41% do marketing on a regional level and is dominated by SMEs which are in district of Sadananya (71 units) and district of Lakbok (38 units), (3) 0.11% do marketing on a national level and is dominated by SMEs which are in district of Cipaku and Panumbangan, and (4) of 0.02% to do marketing at the international level, namely SMEs in district of Rancah and Purwadadi.
- (3) Model of marketing strategy with e-commerce in SMEs in rural areas can improve the broad market. Their limited funds, limited human resources, and limited competence, the marketing model is most suitable for SMEs in Ciamis is optimizing search engine, Youtube, Group, Fan Page and social media (Facebook, Twitter, Blackberry Messenger, Line, Whatsapp, Google+ and Instagram).

6. Recommendation

Need training in the use of e-commerce to improve the competence of SMEs so as to expand the marketing area that will have an impact on increased product sales and increased profits SMEs in Ciamis.

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