

Chapter 5

Learning From Others: Anticipating E-Marketing Strategies for Small Businesses

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ABSTRACT

This research is intended to identify successful organizational e-marketing strategies in order to assist small businesses in proactively formulating their marketing strategies. The use of a sequential explanatory research design is intended to accommodate the exploratory nature of the research and confirmatory for initial findings simultaneously. At the qualitative method, data is collected using semi-structured interviews to four owners of small fashion businesses at the success stage and already use e-marketing. The question outline has been prepared based on the marketing mix framework. The result of the qualitative data processing reveals 40 factors considered important in running a small business. A quantitative method to determine the level of importance of each factor is conducted using Analytical Hierarchy Process (AHP). The questionnaire is designed to collect the paired comparison data. Promotion strategy is placed at the highest priority, followed by product, place, and price.

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INTRODUCTION

In Indonesia, like many other countries in the world, the existence of the internet has made many significant changes. The number of internet users in Indonesia in 1998 was only about 500 thousand, but by 2017 the number has reached more than 140 million people. The rapid development of information technology, the increase of internet services coverage, and the increasingly lower prices of gadgets to access the cyberspace have made the internet users multiply. This rapid development of the internet has benefited many parties; one of them is the Small Medium Enterprises (SME).

The number of SMEs in Indonesia accounted for about 90% of the total businesses; therefore, they have essential roles in the economy. Multiplier effects arising from the high production of SMEs will have a significant impact because of their large number. SME in Indonesia is defined as a business that has turnover ranges between IDR 300 million and IDR 50 billion (USD 21,000 - USD 3.5 million) and assets between IDR 50 million and IDR 10 billion (USD 3,500 - USD 710,000) (OECD/ERIA, 2018).

Some advantages of SMEs compared to large organizations are in their agility and flexibility of dealing with disruptions and innovations. The opportunity for SMEs is greater because large organizations are mostly less agile and less flexible but have extensive resources. Therefore, many larger organizations choose to partner with SMEs to overcome their weaknesses.

However, agility and flexibility need to be based on the ability to read market conditions. According to Huang and Brown (1999) and Fuller and Parker (2008), marketing is one of the most dominant problems experienced by SMEs. Based on a study conducted by the Bank of Indonesia (2015), there are two weaknesses of SMEs in Indonesia related to marketing. First, the ability to understand the market is still relatively low, so SMEs generally have not been able to capture customer needs accurately. Second, most SMEs have not yet optimally utilized the internet in marketing their products. In contrast, the internet allows the marketing process to be more productive and get a faster response, but at a lower cost. Another study conducted by the Directorate of SME and Cooperative Development (Direktorat Pengembangan UKM dan Koperasi, 2016) showed that market access is one of the barriers that inhibit SMEs to grow.

The ability to formulate and implement the right marketing strategy is crucial for SMEs to be sustainable. Instead of having a reactive marketing strategy, it would be better if SMEs can anticipate and plan the marketing strategies they will carry out. Besides, SMEs can also allocate and organize their limited resources more effectively. One way this can be done is by benchmarking to other companies. This chapter aims to assist SMEs in anticipating and planning their marketing strategies by benchmarking to other organizations that have reached a stable stage.

BACKGROUND

Two main concepts that underlie this research will be discussed in this section, namely the organizational growth model and marketing strategy.

Organizational Growth Model

The use of the internet can help SMEs to become bigger and move to the next level of organizational growth. Winzimmer, Nystrom, and Freeman (1998) suggested that sales data is the appropriate measure of organizational growth compared to the number of employees or assets. Other studies found that an

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