

E-COMMERCE UTILIZATION MANAGEMENT AS PROMOTIONAL TOOL FOR MICRO, SMALL AND MEDIUM ENTERPRISES IN BANDA ACEH

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Abstract: Advances in communication technology must be beneficial for entrepreneurs, especially small and medium entrepreneurs. If you want more advanced businesses, then local entrepreneurs in Banda Aceh must be pro to technological advancements. The purpose of this study is to obtain data related to small businesses in Banda Aceh in utilizing e-commerce as a promotional medium. As a tool to capture consumers in an unlimited number. This study uses qualitative data as many as 50 respondents of small and medium businesses in Banda Aceh. Qualitative data is used to present comprehensive data on the use of e-commerce as a medium for promotion of small and medium businesses. The results of the study indicate that there is still a need for assistance to small and medium businesses in the effort to utilize e-commerce. What makes a good and interesting message with the aim of being a stimulus for consumers. Several medium-sized businesses have increased promotion through e-commerce. By creating their own brand, attractive packaging, the next complexity is how the product is marketed to the public. Constraints that are sold do not have a clear product marketing strategy. Currently only selling directly by attending the exhibition stands. Has not implemented a reseller system, due to budget and employee limitations. Need for supplies related to promotion through resellers.

Keywords: Promotional tool, E-Commerce, MSMEs

INTRODUCTION

Internet has become a swift and versatile communication tool regardless users' location and available time. In the cyberspace, website, android application, games, and other technological products, are created almost every single day. Every developer has particular aims and willingness on developing a product. For instance, website developers have the goals to deliver accurate information composed as column, news, and et cetera. Additionally, users can experience the benefit of communication technology in terms of its speed and coverage, especially on receiving information.

Digital trade has a great potency to rise the growth of Micro, Small and Medium Enterprises (MSMEs). Several studies showed that marketing communication in the form of e-commerce had significantly diverse results. One of them argued that MSMEs had an essential role on adopting the e-commerce into their businesses (Kurnia, Choudrie, Mahbubur, & Alzougool, 2015).

Entrepreneurs could gain benefits from the development of communication technology. During the expansion from offline to online marketplace, they could utilize websites and applications that provide sales promotion services. As the result, some people analogized website as grocery store. Considering from the society's market behavior, that analogy may be valid. It appeared as the correlation of intense technology and internet penetration within the society. In consequence, enterprises had to follow the market: people's behavior change.

The shifting from traditional to modern business concept is one of the MSMEs' rationales to keep up with e-commerce technological development. For instance, Ghana is a country that has economic dependency to e-commerce. A research argued that governmental supports had a positive impact to MSMEs development. One of the possible assistance was to encourage MSMEs using e-commerce (Awiagah, Kang, & Lim, 2015).

The problem of MSMEs adoption lies in the functional aspect of serving customer demands in the global market. As a part of solution, e-commerce emerges to globally escalate the export frequency. It reaches wide market and prepares the MSMEs functional capability (Ueasangkomsate, 2015). Online business activity is not unusual practice in Indonesia and all over the world. In Indonesia, its development has given flexibility for vendors to sell their products without the needs to rent commercial spaces. Beside that, more people are aware of finding creative ways to boost their incomes to make ends meet, one of them by persevering the prospect of online business.

Compared to large enterprises, MSMEs faces shortcomings in terms of knowledge resources. As the result, e-commerce application in MSMEs industry is considered limited (Rahayu & Day, 2015). The internet massive development presents substantial impacts to business industry, and electronic commerce (or e-commerce) arises as one of its outputs. E-commerce refers to the advanced technology and information usage, particularly related to communications networking technology. In another side, online business alludes to every activity that connects sellers and buyers through online transaction by using electronic devices like laptop, computer, handphone, smartphone, and tablet. Therefore, the online business is a part of e-commerce, and e-commerce is a section of e-business.

Internal and external preparation are essential part of MSMEs readiness on adopting e-commerce. The internal factors are including preparedness, strategy, perception, and management. Meanwhile, the presence of trading partners is crucial as the external element to achieve maximum benefit on employing e-commerce within MSMEs industry (A., 2015). Digital trends evolve rapidly. To raise their incomes, creative industries must rely on digital

marketing. Application vendors are providing attractive and accessible marketplace to get purchasers' attention from local, national, and even international market.

Electronic trading could encourage small and medium-sized enterprises advance, in both developed and developing countries (Kurnia et al., 2015). There are four components contributing MSMEs to adopt e-commerce: technological, organizational, environmental, and individual factor (Rahayu & Day, 2015). For instance, an embedded advertisement in social network could be advantageous for devising an online marketing communication strategy (Shen, Chiou, Hsiao, Wang, & Li, 2016).

Online business has more perks compared to offline commerce. Internet rapid growth has triggered harsh business competition as the result of the continuous manufacture of creative and innovative products. For a merchant, failed to become unique means falling behind its competitor. In marketplace, there are many software's to create information system, including a web-based program. It is difficult to deny that internet has make the process easier.

Obtaining many consumers is one of social media advantages as a marketing communication technology. It could help vendors maintaining their relationship management, news-gathering, creativity, and entertainment. Furthermore, they could get better consistency, settings, commitment, and awareness by utilizing diverse social media platforms. A study recommended a manager to understand e-commerce function before promoting products for purchasers (Killian & McManus, 2015).

In business world, considering all of its powers, e-commerce website becomes an indispensable resource in trade. In consumers' perspective, they do not need to physically come to a market. While in vendors' point of view, they can open their online stores and have transaction for twenty-four hours. Additionally, in financial aspect, shoppers could save more money, and purveyors could reduce promotion expenses. In a situation where a store is faraway, a buyer could save her/ his transportation cost and use less amount of money instead for a delivery service. In another side, a seller could reach a wider market.

The research focused on identifying, socializing, supervising, trademarking, and promoting Acehese local brands to e-commerce websites such as Bukalapak, Tokopedia, Shopee, OLX, Lazada, and other free e-commerce platforms.

As commonly known, the tsunami that hit Aceh resulted in losing of people's livelihood and destructing the province economic condition. Facilities and infrastructures like commercial places, production facilities, houses, and agricultural land, were damaged. Both local and international Non-Governmental Organizations (NGO) organized economic development programmes which fundamentally similar to BRR's (Rehabilitation and Reconstruction

Agency for Aceh and Nias) reconstruction initiatives. However, before BRR formation in 2005, international NGOs managed economic-related challenges during the emergency period. They launched several programmes, including cash for work and informal work, and they provided business resources, covering venture capital and business equipments. During the implementation of those projects, they also initiated psychiatric rehabilitation programme, training, course, and other human resource-related activities for tsunami survivors. Regardless of the aid, it indicated that the NGO support for economic challenges was unfocused and as the result, people were difficult to deal with financial issues.

To resolve post-tsunami economic challenges in Aceh, people began to create home production products to survive. It included selling popular Acehese traditional cakes, souvenirs, machete and *rencong* (traditional knife), coffee, *kopiah* (religious hat), and so forth.

The business activities continue until today. They market their products offline in traditional markets. Buyers visit the vendors directly. However, marketing process was considered slow as the result of limited products available. The sellers had not got expected results. The ideal outcome was having variant products with reasonable payment.

Based on the Central Bureau of Statistics (BPS) of Aceh data on September 2017, after tsunami, Aceh was rated as the poorest province in Sumatra (and the sixth poorest province in Indonesia) with approximately 15.92 percent of people living in poverty. Nationally, according to Sadhali (2018), Papua remained as the poorest province with 27.76% people lived under poverty line, followed by West Papua (23.12%), NTT (21.38%), Maluku (18.29%), Gorontalo 17.14%, Aceh (15.92%), Bengkulu (15.59%), and NTB (15.05%).

The data showed that, after tsunami, human resources aspect in Aceh had to be developed in order to encouraged its people to work harder and more creative for producing more products and get better income. Besides that, it is considered essential to provide mentorship on using websites and e-commerce platforms to reach wider market. If the initiative failed to be implemented, it is predicted that Acehese people would be left behind in economic and social life. The consultation must be organized on one-to-one basis, started from e-commerce introductory tutorial, basic trademarking, marketing, selling, observation, product packaging and delivery.

METHOD

The study used both qualitative and quantitative approach commonly known as mixed methods. By utilizing that method, the researchers expected to collect more comprehensive findings.

According to Cresswell (2010:5), mixed methods are the combination of qualitative and quantitative approach. In addition, Sugiyono (2011:404) described that mixed methods are a technique that combines quantitative and qualitative method in a research, in order to get a broader, valid, reliable, and objective data.

The function of the qualitative method is to describe qualitative data. Additionally, it could gather as many details as possible and scrutinize them based on field work findings. Furthermore, the quantitative method functions as a tool for explaining supporting numerical data. This study focused on the utilization of an exploratory sequential mixed methods approach. In its first stage, the researchers collected and analyzed the first, second, and third research problem. Next, the quantitative data was combined as supporting evidence for each research problem.

Vendor Selection Criteria

The research object must have criteria as mentioned below:

1. Companies must be located in Banda Aceh and its surrounding areas.
2. Companies must have their original product, and they cannot be a reseller for other products.
3. Companies must have brand, trademark, or logo.
4. Companies must run a continuous business, not a seasonal one.
5. Companies' products had already distributed in markets, not merely a business concept or planning.

Data Collection Method

In this study, there were four data collection methods:

1. Observation is an action of observing field location and identifying existing home industry.
2. In-depth interview is a process of collecting data by interviewing sellers, business owners, and local economic observers.
3. The data collection method through questionnaire performed on fifty MSMEs businesses located in Banda Aceh. The questionnaire adopted from a preliminary research entitled *E-Commerce Adoption in MSMEs in Semarang (A Case Study of Small Culinary Business)*.
4. Document review is collecting documents related to MSMEs from associated government departments and agencies in Indonesia.

Quantitative Data Analysis Methods

This study used descriptive analysis by the assistance of a scale range table, in which the data were derived from 'yes' or 'no' answers on the questionnaire and they were grouped onto the table. The phase of data analysis in this research was:

- Presenting and grouping the collected data onto the frequency table.
- Calculating the scale range.

The formula on determining the scale range is:

$$S = \frac{n(m - 1)}{m}$$

RS = Scale Range
n = The Number of Respondents
m = The Number of Categories

Therefore, the scale range could be calculated as follows:

$$S = \frac{n(m - 1)}{m} = \frac{36(2 - 1)}{2} = 18$$

Next, the range of score table was created:

Table 1. Range of Score Interval

Mean	Experienced Advantages of E-Commerce	Technology Capability	E-Commerce Adoption Rate	Consumer Database Rate
36 – 53.9	Useless	Low	Low	Low
54 – 72	Useful	High	High	High

RESULT (FINDINGS) AND DISCUSSION

Focus Group Discussion

Focus Group Discussion (FGD) had an aim to understand challenges faced by Micro, Small and Medium-sized Enterprises (MSMEs) particularly on marketing strategy aspects. The activity was held on December 1, 2018, attended by fifty MSMEs entrepreneurs.

On the FGD, the researchers found that the main challenge faced by MSMEs was the lack of educational resources on using e-commerce technology. In consequence, they needed mentoring on utilizing e-commerce website. The next challenges was several MSMEs got well packaging and brand, however they did not have a good publicity within the society. Hence, by creating at least one account on an e-commerce website, it would help MSMEs businesses in Banda Aceh to promote their products to wider markets. At the end of the FGD, the researchers also offered several strategies on product marketing. Firstly, by implementing a mindset for customers that their product was high quality and worth consuming. Secondly, by offering unique quality from their competitors or creating a fresh variation. Lastly, creating

marketing as a tool for making customers curious by keep on innovating products and becoming creative businesses.

Questionnaire Analysis

- **Advantages of e-Commerce**

In terms of e-commerce benefits experienced by MSMEs businesses that had adopted the technology, here are the findings as listed on the table 2:

Table 2. Frequency Distribution of e-Commerce benefits (by item)

No	Statement	Yes (2)	No (1)	Answer	
				Total Score	Category
1	E-Commerce assisted me increasing information exchange with consumers.	32 (64)	4 (4)	68	Useful
2	E-Commerce assisted increasing consumers loyalty to my business.	31 (62)	5 (5)	71	Useful
3	E-Commerce assisted me proving better service to consumers.	30 (60)	6 (6)	66	Useful
4	E-Commerce facilitated access to international market.	30 (60)	6 (6)	66	Useful
5	E-Commerce assisted me expanding market reach.	32 (64)	4 (4)	68	Useful
6	E-Commerce assisted me decreasing promotion expense.	29 (58)	7 (7)	65	Useful
7	E-Commerce assisted me increasing information exchange.	32 (64)	4 (4)	68	Useful
8	E-Commerce assisted me reducing expenses by purchasing via internet.	30 (60)	6 (6)	66	Useful

9	E-Commerce made me having a stronger position in competition.	29 (58)	7 (7)	65	Useful
10	E-Commerce was capable on attracting investor to invest in my business.	27 (54)	9 (9)	63	Useful
Total				666	
Mean				66,6	Useful

Based on table 2, it could be seen that the average variable score of e-commerce benefit reached 66.6 mean. It indicated that MSMEs in Banda Aceh that had adopted e-commerce found it useful.

- **Technology Capability Analysis**

Technology capability is every ability of MSMEs related to small activities in e-commerce. The data analysis result derived from respondents feedbacks could be seen on the table 3.

Table 3. Frequency Distribution of Technology Capability Analysis (by item)

No	Statement	Yes (2)	No (1)	Answer	
				Total Score	Category
1	I had strategy related to e-commerce development on my business.	25 (50)	11 (11)	66	High
2	I had computerization of consumer data on my business.	21 (42)	15 (15)	57	High
3	I had computerization of supplier data on my business.	21 (42)	15 (15)	57	High
4	I had computerization of product availability data on my business.	24 (48)	12 (12)	60	High
5	I had particular email account to manage my business.	24 (48)	12 (12)	60	High
6	I had dial-up Internet access.	25 (50)	11 (11)	61	High

7	I had internet leased line.	19 (48)	17 (17)	65	High
8	I adopted e-commerce with the assistant of an expert.	18 (36)	18 (18)	54	High
Total				480	
Mean				60	High

Based on table 3, it could be seen that the average technology capability variable score reached 60 points. It showed that the MSMEs technology capability in Banda Aceh which had adopted e-commerce was considerably high.

- **Analysis of the State of E-Commerce Adoption**

The e-commerce adoption rate is the e-commerce-related practices performed by MSMEs in their businesses. The result analysis could be seen on the table 4 below:

Table 4. Frequency Distribution of E-Commerce Adoption Rate (by item)

No	Statement	Yes (2)	No (1)	Answer	
				Total Score	Category
1	I utilized website to describe about my business product.	22 (44)	14 (14)	58	High
2	I provided service that was enabling customers to order via internet.	30 (60)	16 (16)	66	High
3	I provided customers with credit card payment via internet.	24 (48)	12 (12)	60	High
4	I provided an internet-based customer service.	22 (44)	14 (14)	58	High
5	I ordered raw materials from suppliers via internet.	23 (46)	13 (13)	59	High
6	I did payment to suppliers via internet.	23 (46)	13 (13)	59	High
Total				360	

Mean

60

High

Based on the table 4, it could be seen that the variable score the e-commerce adoption rate reached 60. It meant that MSMEs in Banda Aceh had used e-commerce in a high frequency rate.

- **Customer Data Analytics**

The consumer data basis has recorded consumers data of every MSMEs in Banda Aceh. The analysis of customers data could be seen on the table 5.

Table 5. Frequency Distribution of Customer Data Basis (by item)

No	Statement	Yes (2)	No (1)	Answer	
				Total Score	Category
1	Now, I have manually recorded customers database.	23 (46)	13 (13)	59	High
2	Customer database is important for business development.	33 (66)	3 (3)	69	High
3	Now, we provide member cards for customers.	13 (26)	23 (23)	49	Low
4	We charge special price for customers who have member cards.	15 (30)	21 (21)	51	Low
5	We use point system for customers who have member cards.	17 (34)	19 (19)	53	Low
6	Member card can increase relationship between sellers and customers.	31 (62)	5 (5)	67	High
7	There is cost for printing member cards.	30 (60)	6 (6)	66	High
8	We often give special offer for members via short messages service.	20 (40)	16 (16)	56	High

9	I am very interested to website or android application providing service related to consumer database.	35 (70)	1 (1)	71	High
10	I am willing to be mentored in terms of registering consumers database onto website or application as a part of promotion for buyers.	35 (70)	1 (1)	71	High
Total				612	
Mean				61,2	High

Based on the table, it could be seen that the average variable score of customers database rate reached 61.2 score. It signified that MSMEs in Banda Aceh had owned consumers data basis in a high category.

CONCLUSION

The adoption rate of e-commerce technology development reached 60 points. It connoted that Micro, Small and Medium Enterprises (MSMEs) in Banda Aceh had been able to use e-commerce technology for the continuity of their product marketing. In another side, the technology capability rate for MSMEs in Banda Aceh reached 60 in average. In consequence, it indicated that the merchants were capable to implement technology in their businesses.

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