

Designing E-Promotion Strategy Roadmap in Indonesia E-Commerce

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ABSTRACT

E-Commerce (Electronic Commerce) is currently expanding in Indonesia and becoming the foundation of business development there. E-commerce however, faces challenges such as how companies can promote their goods or services to the target market. The problem lies in the under-utilisation of Information Technology in electronic commerce especially in business promotion. The purpose of this study was to determine and analyse e-promotion strategy and roadmap for e-commerce Indonesia. The research employed qualitative method, such as observation, interviews, documentation and triangulation techniques. The findings indicated that a roadmap for e-promotion by easing rules of transaction for e-commerce services is the way forward.

Keywords: e-commerce, e-promotion, Indonesia, information, roadmap, technology

INTRODUCTION

Official data obtained from Asosiasi Penyelenggara Jasa Internet (APJII) in 2014 showed the widespread use of the Internet in Indonesia reaching 88.1 million users or

34.9% of the total population. Java and Bali together account for the majority of users at 52 million. Based on APJII data on Internet usage, trade and services had the biggest share at 57.6% (APJII, 2014). A survey by Nielsen Global Survey of E-Commerce Q1 in 2014 found that consumers in Indonesia viewed products online and read their review before purchasing them at the store (<http://www.nielsen.com/id/en/press-room/2014/indonesian-consumers-flock-online-to-purchase-products-and-services>).

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html). Therefore, it can be concluded that consumers in Indonesia require detailed information about the goods to be purchased, including testimonial or a review of the products or stores before embarking on the purchase. Promoting marketing of goods or services is necessary to attract customers and e-promotion is useful to gain the trust of the consumer via e-transactions. Promotion relates to how companies communicate with existing and potential customers on their products and services (Kotler, Armstrong, Saunders, & Wong, 2002). One of the popular communication methods is e-promotion, which relies on the Internet. However, the challenge for many companies is on how to utilise Internet facilities in promoting their products and services by adapting it to consumer behaviour in Indonesia.

LITERATURE REVIEW

Internet User Statistics

In 2014, internet users in Indonesia reached 82 million and the country was ranked eighth in the world in terms of number of users (https://kominfo.go.id/content/detail/3980/kemkominfo-pengguna-internet-di-indonesia-capai-82-juta/0/berita_satker). According to data released by WeAreSocial in 2016, globally there were 3.4 billion internet users, of which 2.3 billion were social media users. Additionally, there were 3.79 billion mobile device users and out of that figure, 1.9 billion accessed social media on their mobile devices (<http://wearesocial.com/sg/special-reports/digital-2016>).

In Indonesia, according to WeAreSocial, in 2016, there were 88.1 million Internet users, of which 79 million were users of social media. About 326.3 million users (<http://wearesocial.com/sg/special-reports/digital-2016>) accessed the internet from their mobile device. From the results of the survey, mobile users exceeded the total population of Indonesia by about 126%; this is because a lot of users have more than one mobile device. Social media users accounted for almost 90% of total number of active Internet users in Indonesia.

E-Commerce

According to Turban, e-commerce or electronic commerce refers to using the Internet or intranets to purchase, sell, transport, or trade data, goods, or services (Turban, King, Lee, Liang, & Turban, 2010). Nanekaran (2013) defines E-commerce as an interaction between communication systems, data and security management system for exchange of commercial information in connection with the sale of products or services. E-commerce is conducted in an online marketplace where buyer and sellers meet.

E-Promotion

According to Chaffey, e-marketing uses the Internet or electronic communications technologies (Chaffey, 2009). The e-marketing plan has a generic framework

known as SOSTAC proposed by Paul Smith which consist of situation, objectives, strategy, tactics, action, and control.

According to Mohammed, Fisher, Jaworski and Paddison (2003), Internet Marketing influences a company's marketing strategy as follows:

- 1) Increased segmentation, with the use of the Internet to make more extensive market segmentation.
- 2) Developing strategies for a faster turnaround time, so that using the Internet will support increased speed in conveying or sharing of information that will boost the plan.
- 3) Marketing efforts using information technology and commercialisation activities of the internet makes the selling accountable and transparent.
- 4) The increased integration of marketing strategy is directly proportional to the operational strategy of the business.

E-marketing is closely connected to e-promotion. E-promotion is an activity to promote the products or services offered by the electronic media or the Internet. E-promotion will help businesses in promoting their goods or services with the broader market segmentation and accelerate the transfer of related information.

In supporting e-promotion, Shanthakumari and Priyadarsini (2013) divide online marketing components

into: banner advertising, search engine marketing, email marketing, blog marketing, podcasting/video, and social networking.

The internal functions of online marketing to support promotion of goods and services use promo features, such as Tokopedia or Bukalapak, internal Ads feature, testimony, rating the seller pin, and other sales content.

METHODS

This is a descriptive and qualitative research. Descriptive analysis is viable if researchers already know the factors or variables that will be measured (Indrawati, 2015). The descriptive study aims to obtain information about consumer needs affecting their online purchasing decisions. According to Sugiyono (2013), qualitative research method examines objects and data collection techniques are based on observation, interviews, documentation, and triangulation. Hence, the results obtained from the qualitative method emphasised more on the meaning than the generalisation used in the data collection phase of informants which act as data sources.

ANALYSIS AND DESIGN

Analysis and design are done based on literature review, outcome of observation, and interviews related to Internet activities in Indonesia, e-commerce, market place, and e-promotion In helping both individuals and small and medium-sized enterprises (SMEs)

that have limited capital in promoting their products, e-promotion strategy is vital and urgent. The e-promotion strategy has two parts, namely the activity of Internet users as external factors and components of digital marketing as internal factors:

- 1) Components Digital Marketing (Internal Factors) consists of several elements: banner advertising, search engine marketing, email marketing, blog marketing, podcasting/video, social networking, internal promotion features, testimony and ratings, and product content.
- 2) Consumer Expectations (External Factors) based on the observations and questionnaires as follows:
 - a) Curiosity about the Goods / Services
 - b) Information about the Goods / Services
 - c) Analysis & Comparison
 - d) Ease of transaction
 - e) Loyalty

The roadmap for e-promotion strategies is based on internal and external factors whereby goods and services are promoted

via digital marketing taking into account domestic needs and the ability of online sellers. Therefore, the following hypotheses are proposed:

Hypothesis 1: Goods Content and Services are important as well Testimony and Rating to boost online sales. As for young companies, Internal Promotion Features can boost their online presence.

Hypothesis 2: Search Engine Marketing (SEM), Banner Advertising installing and using Podcasting or video of products/services offered can boost their visibility and marketability.

Hypothesis 3: Social Networks and Blog Marketing can help consumers choose and select the best product or services. This can also help businesses to showcase uniqueness and superiority of their goods and services.

Hypothesis 4: Email Marketing can maintain customer loyalty as it latest information on products/services.

Figure 1 shows the proposed roadmap strategy.

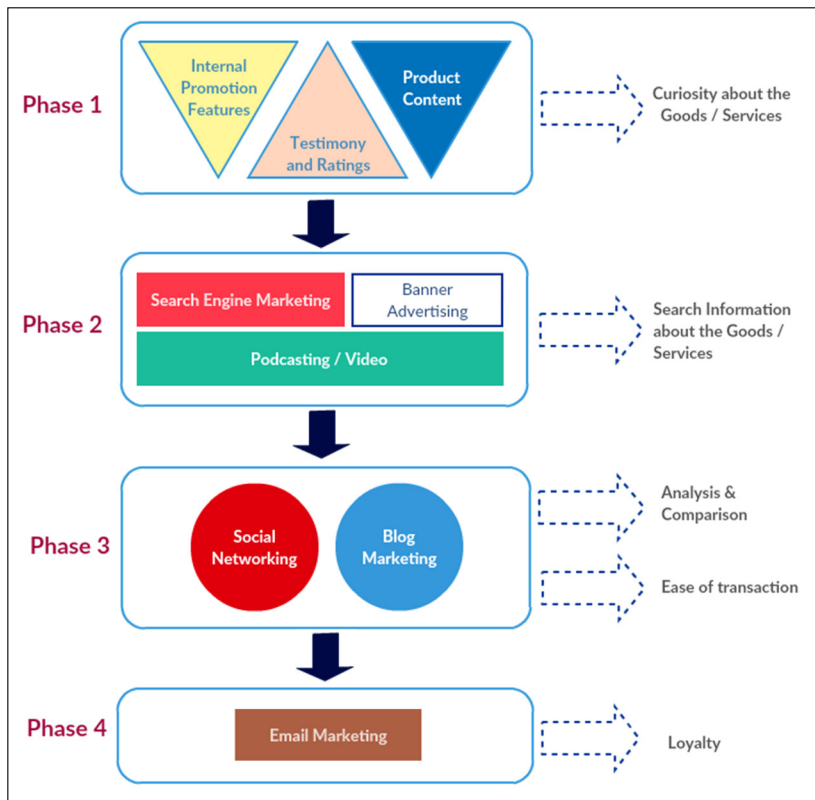


Figure 1. The proposed roadmap for E-Promotion strategies in E-Commerce

RESULTS

Based on the model and roadmap for e-promotion strategy– questions on the process of e-promotion were designed. This questionnaire was distributed to selected sellers and consumers. Interview with them also elicited the following:

1. Testing: Phase 1

On the question related to “Testimonials and Ratings,” the results there was 100% agreement by both sellers and buyers that testimonials and ratings can

help the seller in assuring the consumers of product and service quality. However, on the question of “Content Products and Services,” results showed 80% of the buyers agree information about the content of goods and services are helpful from them in order to know more about the goods or services on sale. Only 20% of the sellers agree to this point because in practice, this is only superficial information and not an in-depth explanation of the products or services.

2. Testing: Phase 2

On the question of “Search Engine Marketing (SEM)” and “Banner Advertising”, 100% of the respondents agree to their importance in promoting their products and services.

On the question of “Podcasting / Video,” only 20% of the respondents agreed on the use of podcasting or video in e-promotion. As manufacturing costs are high, buyers rarely use Podcasting / Video to search for information about goods or services they want due to limited internet access.

3. Testing: Phase 3

On the question of “Social Networking,” 100% of the informants agreed utilisation of social networking helped to promote their products or services to buyers. And on the question of “Blog Marketing,” 100% of the informants agreed on utilising blog marketing to facilitate the buyer in comparing goods

or services. That is because the cost and the processes are quite easy.

There was a strong agreement (100%) on the question of “Email Marketing” to maintain and increase the loyalty of buyers. E-mail was considered an effective reminder as the smart phone users can access emails quickly and easily.

4. Testing: Phase 4

The interviews with the respondents indicated the roadmap or model of e-promotion strategy proposed in this study is vital to boost the marketability of products and services in e-commerce. From all stages of the draft, all were approved and only the second stage in the Podcasting / Video are omitted because they are rarely used by online businesses in Indonesia by both buyers and sellers. Figure 2 shows the improved proposed model.

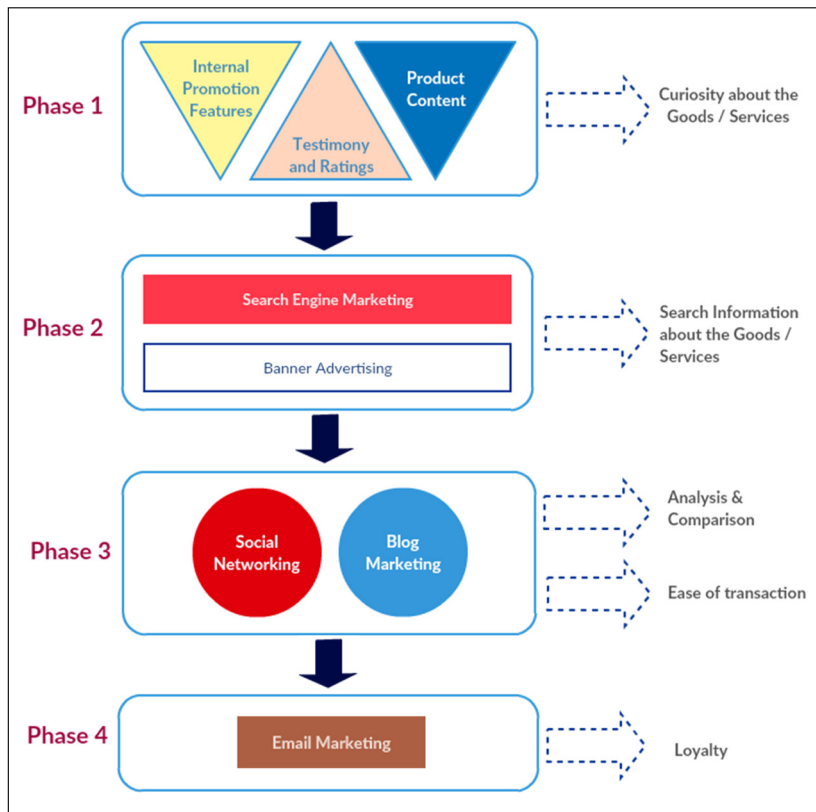


Figure 2. Roadmap or Model of E-Promotion strategies in E-Commerce

CONCLUSION

Based on this research, it can be concluded the e-promotion roadmap for e-commerce in Indonesia consists of four phases:

- 1) Phase 1: The seller must make the information of his products or services available by categorising them as follows: Content of Goods and Services, Testimonials and Ratings, Internal Promotion on Online Marketplace must be made conspicuous.
- 2) Phase 2: Support for information retrieval. This phase consists of sub-stages, namely Search Engine Marketing (SEM), Banner Advertising.
- 3) Phase 3: Support customers in providing a comparative analysis of their son of the goods or services. At this stage, ease of purchasing process, security of transactions, and claims of goods or services must be available. There are two sub-phases here, i.e. Social Networking and Blog Marketing.
- 4) Phase 4: The last stage is to ensure and maintain loyalty of buyers. This can be done via e-mail communication on latest promotions, offers and guarantees.

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