

## DIGITAL MARKETING POTENTIAL IN INDONESIA

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### **Abstract**

*One of the impacts of the Covid-19 pandemic is the sluggishness of the business and economic world. Therefore, marketers or business actors need to find alternative solutions to market goods or services to consumers. This research aims to examine the potential of digital marketing so that business people can use it to survive. The research method used in this study is qualitative with a descriptive approach. The Covid-19 pandemic has required business actors to shift their marketing, promotion, and transaction strategies from traditional to digital. The results of this study recommend entrepreneurs develop digital marketing as a very effective option for reaching their target consumers.*

*Keywords: Digital Marketing, Potential, Business*

### **INTRODUCTION**

Competition is getting more challenging in this era of globalization, forcing entrepreneurs to respond by taking strategic steps for the sustainability of their businesses. The Covid-19 pandemic that hit the world has paralyzed people's lives, such as education in the form of closing schools and the economy with reduced manufacturing activities and many employees being laid off (Rosmadi, 2021). From an economic standpoint, many entrepreneurs have suffered losses due to a shortage of buyers and had to close their places of business due to the implementation of social distancing policies, working and studying from home. As a result, many employees have experienced termination of employment (PHK), (Kristiutami & Raharjo, 2021).

One of the impacts of the Covid-19 pandemic is that it is difficult for businesses to market their products and make brands that have been popularized previously become less well-known (Atmaja & Verawati, 2020). It can be seen that people's purchasing power has decreased due to the pandemic due to a reduction in activities outside the home to slow the spread of the coronavirus. As a result, many consumers are turning to online shopping. Several MSME (Micro, Small and Medium Enterprises) sectors that were not digitally adapted were affected and closed their businesses (Arianto, 2020).

According to the 2021 e-commerce survey results, as of December 31, 2021, only 25.25% of companies were conducting e-commerce activities (Badan Pusat Statistik,

2021). This shows that the development of the e-commerce business in Indonesia is still minimal and is dominated by traditional business forms, even though in this modern era, there is a need for a business revolution that was originally traditional into an online business or e-commerce.

Rapid technological developments, of course, affect consumer buying behavior and the marketing world. Marketing and transaction trends are shifting from traditional (offline) to entirely online (digital). Online marketing and payments are more promising because potential consumers can get various information regarding an item, and transactions can be made via the internet without meeting (Yuwana, 2020). A critical determinant of intention to use mobile payments is perceived ease of use (Rybina, 2021) and (Ibrahim et al., n.d.). Applications and mobile websites across the health, travel, shopping, tickets, and lifestyle sectors promise significant consumer opportunities (Misra et al., n.d.).

During the pandemic, the risk of contracting the COVID-19 virus has changed consumer behavior to shop online instead of in stores to fulfill their daily needs (Fihartini et al., 2021). Product diversity, digital payments, scheduling, free shipping, and slow speeds significantly impact customer behavior (Khaled et al., 2022). Consumers' perceived benefits and risks influence their behavioral intentions to adopt mobile shopping apps (Vo & Wu, n.d.). The pandemic has significantly changed consumer behavior in online-based transactions worldwide. Circumstances and market situations that make it impossible to continue to accommodate large crowds encourage economic actors to innovate by utilizing technological developments to increase their competitiveness. For marketing, the use of technology can be implemented through digital marketing.

MSMEs in Indonesia have reached 64.19 million, of which all business sectors are dominated by Micro and Small Enterprises (MSE) of 64.13 million (99.92%). This sector has also experienced the impact of the Covid-19 pandemic (Bahtiar, 2021). To avoid sinking, MSMEs must be able to compete in the global market. In addition, in this era of very tight competition, MSMEs need to be familiar with Information Technology (IT) to facilitate the marketing of products abroad. In today's digital era, information technology is needed for MSME actors to compete and develop (Febriyantoro & Arisandi, 2018).

Digital marketing is a marketing activity that informs, persuades and reminds buyers about the goods and services offered through digital media, one of which is social media. Digital marketing chosen by MSME actors by using social media facilities can expand the reach of their business marketing during a pandemic. It has been proven that for digital marketing purposes, using social media can help maintain customer awareness of the products being offered. In addition, another survival strategy that can be used as a sales medium is e-commerce (marketplace), where the reach of the

marketplace is much more comprehensive than traditional sales models (Santoso, 2020).

Using digital marketing has several advantages, including:

1. Goals can be set based on demographics, location, habits, and lifestyle.
2. Quick results are displayed so that marketers can take corrective action.
3. Lower costs than traditional marketing.
4. Wider reach without being limited geographically.
5. Access can be made at any time without a time limit.
6. Measurable results include the number of consumers who make online purchases, the number of website visitors, and so on.
7. Campaigns can be personalized.
8. Communication is direct and two-way, making it possible to reach consumers, build relationships and foster consumer trust, (Febriyantoro & Arisandi, 2018).

## METHODS

This research is a qualitative descriptive study with a literature review approach. The library study approach is carried out by observing and analyzing all information about the research topic, which is traced through journals on Google Scholar, digital libraries, websites, and browsers. According to Indrawan & Yaniawati, library research collects data and information in depth through various literature, books, notes, magazines, other references, and relevant previous research results (Arianto, 2020). The main topic discussed in this research is the potential of digital marketing to maintain business continuity.

## RESULTS AND DISCUSSION

The pandemic has changed the business landscape in almost all fields. Uncertainty during the pandemic caused some MSMEs to experience decreased income. Even so, some survive and even improve. MSMEs that survive are those that change their business strategy in terms of how products are sold and promoted. In addition, the pandemic has also changed the behavior of buyers and sellers. This behavior change is inseparable from provisions during the pandemic, which recommended that everyone keep their distance and prohibit crowds, which seriously impacted business people (Santoso, 2020).

One of the most effective tips to use is optimizing online marketing. This is due to the increasing number of people doing WFH (Work From Home) and using the internet (Fadly & Sutama, 2020).

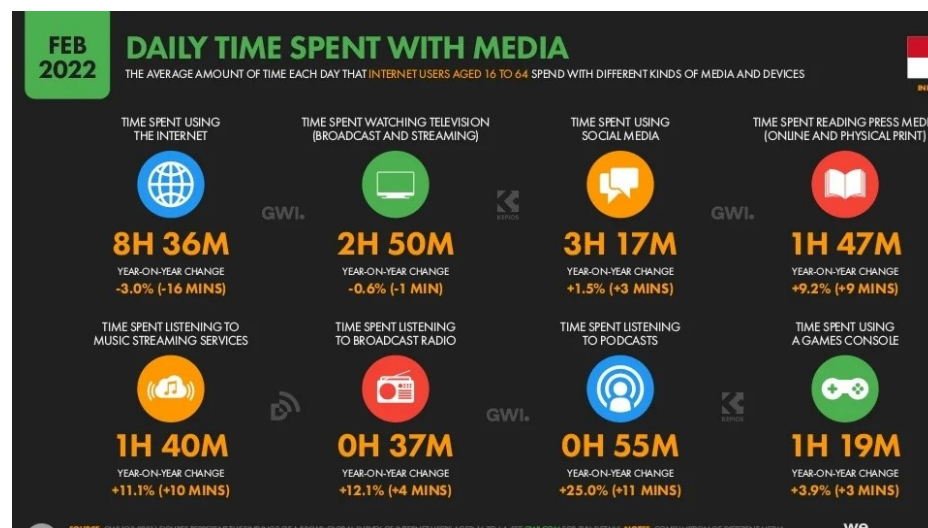
In this age of technology, online businesses are growing because of the increased convenience of the internet (Ali & Karim, 2022). According to APJII survey data (Asosiasi Penyelenggara Jasa Internet Indonesia, 2021) it can be seen that 196 million people or 73.7% of the population, have internet access. This shows that almost half of the Indonesian people have used the internet, so this situation can be an opportunity for business actors to use information technology to develop their business.



Source: Hootsuite (2022)

**Figure 1. Internet Use in Indonesia**

Indonesia's current population numbered 277.7 million in February 2022, and there were 204.7 million internet users with an internet user penetration rate of 73.7% of the total population (Hootsuite, 2022). Younger users (compared to older users) are more likely to use social media platforms for social and personal needs (Abdullah J. Sultan, 2021).



Source: Hootsuite (2022)

**Figure 2. Time for Indonesians to Access Digital Media**

In Indonesia, internet users use varying times to access digital media. The figure above shows the average daily use of the internet for 8 hours and 36 minutes and the average daily time for using social media via any device for 3 hours and 17 minutes

(Hootsuite, 2022). The amount of time used for internet access can be used as a good marketing opportunity to offer goods and services.

The development of information technology makes sales media via the internet more diverse. A marketplace is a place for buying and selling products where buyers and sellers meet on a platform. The next selling medium is the website owned by the company itself and used as a place for buying and selling. Furthermore, social media and instant messages are also used by many companies as online sales media (Badan Pusat Statistik, 2021). Social media, e-commerce and marketplace are digital marketing designed to be integrated. Digital marketing is built through website connectivity and social media so that buyers can easily order the goods offered (Yuwana, 2020).



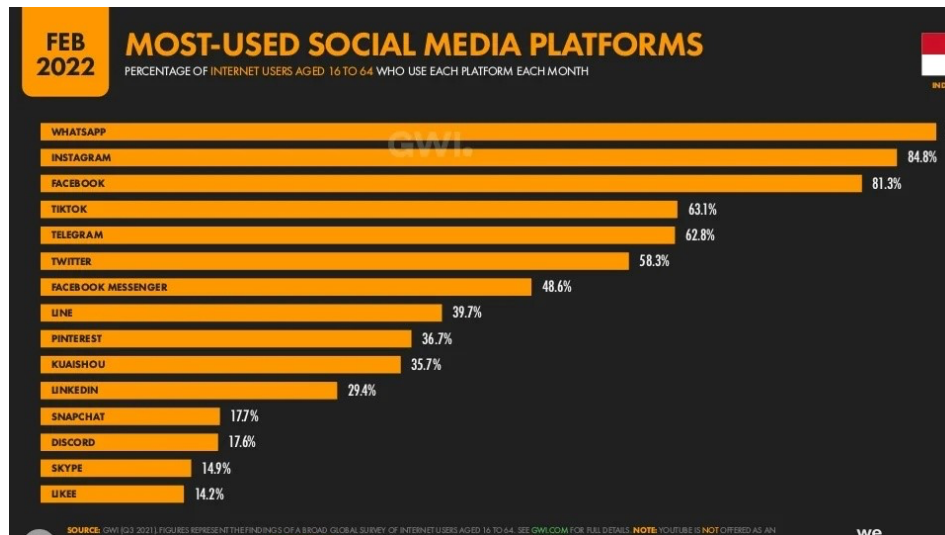
Source: Badan Pusat Statistik (2021)

**Figure 3. Percentage of E-commerce Businesses by Sales Media, 2020**

The survey results show that almost all companies sell online through instant messaging applications, 93.98% of businesses. Instant messaging includes WhatsApp, Line, Telegram, and so on. More than half (54.66%) of E-Commerce business people sell online through social media, such as Instagram, Facebook, Twitter, and so on. Next, 21.64% of businesses have sales accounts on marketplaces / digital platforms. In addition, 10.42% of enterprises use e-mail in online sales. In the final sequence, 2.38% of businesses use the website (Badan Pusat Statistik, 2021).

Social media is significantly influencing purchasing behavior during COVID-19 (Parveen et al., 2022). The use of social media such as Instagram and Facebook is a very effective online marketing strategy (Atmaja & Verawati, 2020). Online marketing media using Instagram social media provides advantages and benefits for businesses during the Covid-19 pandemic (Miladiah & Riyanto, 2020). Marketers must drive innovation and interaction orientation to manage social media marketing effectively (Marchand et al., 2021). Social media platforms are becoming an increasingly important marketing channel, and these days these channels are dominated by visual

content rather than text (Overgoor et al., 2022). The percentage of internet users using each social media platform can be seen in the following figure:



Source: Hootsuite (2022)

**Figure 4. The Social Media Platform that is Widely Used in Indonesia**

Data from Hootsuite shows that the social media platforms widely used in Indonesia in February 2022 are Whatsapp (88.7%) and Instagram (84.8%). Next in order are Facebook (81.3%), Tiktok (63.1%), Telegram (62.8%), and Twitter (58.3%). The next position sequentially is Facebook Messenger, Line, Pinterest, Kuaishou, LinkedIn, Snapchat, Discord, Skype, and Likee (Hootsuite, 2022).

Changes in people's lifestyles and behaviour patterns during the Covid-19 pandemic have given rise to new habits (New Normal), including shopping trends. During the pandemic, business actors began to focus on doing business through online media in line with government regulations regarding social distancing. Consumers prefer to shop online to fulfil their daily needs. For MSME players, this situation is challenging to compete in service innovation and ensure consumer demand for the products offered (Yuwana, 2020).



Source: Hootsuite (2022)

**Figure 5. Online Shopping Activity**

The figure above shows that 60.6% of internet users in Indonesia buy goods or services online, 36% of users order daily necessities through online stores, 13% of users purchase used goods through online stores, and 43.3% of users make payments with online transactions (Hootsuite, 2022). This situation shows an increase in the potential for online shopping in Indonesia, and the media used to promote businesses is the internet.

The transformation of marketing from traditional to online-based methods provides several benefits for MSME entrepreneurs, including, firstly, interaction with consumers becoming easier. Buyers can find out the specifications of the goods to be purchased through the platform without the need to come to the location, thereby reducing interaction between buyers and sellers, especially during the Covid-19 pandemic. MSME entrepreneurs can go to buyers to offer their products. Second, digitization can save promotion costs and expand sales reach. Third, digital marketing produces a better Return on Investment (ROI) than traditional marketing. Fourth, it makes it easier to find information for business development and observe competitor developments and market changes (Yuwana, 2020).

Marketing innovation significantly affected business sustainability (Zahara, 2022). MSMEs can carry out the following survival strategies 1) carry out digital marketing, 2) strengthen human resources, 3) carry out creative innovations, and 4) improve consumer service (Alfrian & Pitaloka, 2020). Marketing innovation is essential to focus on prestige luxury goods users with perceived brand values and attitudes (Nuzula & Wahyudi, 2022). The application of marketing through digital marketing has a positive impact and needs to be done, so that business continuity can continue (Kristiutami & Raharjo, 2021).

E-marketing orientation (EMO), technological orientation (TO), and learning capacity (LC) have a significant impact on the performance of online small and medium enterprises (SMEs) (Asheq, 2021). The application of e-marketing through

marketplaces used by MSME players has positively impacted the Covid-19 pandemic (Awali & Rohmah, 2020). Food businesses that combine offline to online marketing in collaboration with the Grab and Gojek applications, which are food delivery services, can increase the marketing effectiveness of food products (Setyowati & Tutiasri, 2021).

The digital marketing strategy is very effective due to the rapid development of technology in the era of the industrial revolution 4.0. Some advantages of this online marketing system are easy to access and interaction between buyers and sellers, ease of payment systems and time and place efficiency (Fadly & Sutarna, 2020). The application of digital marketing and transactions positively impacts the sustainability of MSMEs (Yuwana, 2020). In addition, digital marketing makes it easy for SMEs to convey information and communicate directly with buyers, increase awareness, expand market share and increase sales for SMEs (Febriyantoro & Arisandi, 2018). Innovative positively affects SME performance (Ighomereho et al., 2022).

## CONCLUSION

The Covid-19 pandemic caused MSMEs to stop, so several companies were forced to close their businesses. This situation is due to a change in new habits by implementing health protocols that it has an impact on reducing people's purchasing power.

Implications of this research are the application of digital marketing to promote products that are suitable to be implemented. Consumers with limited outdoor activities tend to spend time at home with their gadgets. Business actors can use this situation to promote their products through media often accessed by the public. This makes it easier for consumers to find upgraded items and provides convenience for them to shop from home without having to go to a store far from home. Through the implementation of e-commerce, product sales will likely increase so businesses can survive.

Some of the recommended strategies that entrepreneurs can do in order to develop their business are (1) starting sales using e-commerce because consumers are currently switching to online shopping; (2) marketing goods using digital technology (digital marketing) in order to reach more customers; (3) make improvements to product quality and the quality and type of service.

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