

Perception in Adoption of The Internet Application for Small Medium Enterprise Marketing In South Tangerang City in Indonesia

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Abstract. South Tangerang city (Tangsel) since its division from Tangerang regency, has its own challenges to become a productive and independent city. A lot of potential is owned by this city to make this city more developed, like its strategic geographical location that is near from the capital city of Indonesia, DKI Jakarta. So, that it can open economic and investment opportunities. Sectors that drive economic growth in Tangsel City relatively high are services and trade. With the rate of economic growth that is above the national economic growth rate average (6%), this city with ‘a smart, modern and religious’ motto is able to increase the growth of Micro, Small and Medium Enterprises (MSMEs) to be better, and can contribute to the expansion of small and medium enterprises in the Asean region. But, at present SMEs still face factors that are still an obstacle in increasing competitiveness and performance, including: limited access to capital-capitalization, limited access to marketing, and limited access to information regarding resources and technology. Internet users are currently growing rapidly, accompanied by the development of computers and smart phones. The marketing strategy through the internet is considered to be something that is suitable nowadays because it can provide more value in the face of competition. Internet Marketing Marketing can expand marketing access to SMEs. This research objective is to find out the level of internet marketing implementation for MSMEs / SMEs in the South Tangerang City. The result of this research is report on the level of Internet Marketing Implementation for 126 MSMEs / SMEs in South Tangerang City.

Keywords: internet marketing, e-commerce, e-marketing, adoption, SME

1. Introduction

According to BPS, the economic sector of South Tangerang City is supported firstly by the trade, then hotel and restaurant sector, as well as transportation, communication and also services. [1]. In 2012, the Central Bureau of Statistics (BPS) data noted that the economic growth rate in South Tangerang City reached 8,7%. With the rate of economic growth that is above the national economic growth rate average (6%), this city with ‘a smart, modern and religious’ motto is able to increase the growth of Micro, Small and Medium Enterprises (MSMEs) to be better, and can contribute to the expansion of small and medium enterprises in the Asean region. On the other hand, BPS noted that South Tangerang City had per capita income of 11,7 million in 2013 with a population of 1,3 million [2]. This means a person’s income per month is Rp 997.000,- whereas the UMR in the Regency of

Tangerang in 2013 was Rp 2.200.000,- and Rp 2.442.000,- in 2014 [3]. South Tangerang City's per capita income figures are still relatively low from the stipulated regional minimum wage (UMR) [4].

The fact that the rate of economic growth has increased, but it has not been accompanied by an increase in per capita income, this is due to the results of investments in South Tangerang City that cannot be felt by the residents of South Tangerang City, caused by the investors outside from this city. So that the residents of South Tangerang City are only workers. This is what makes the opportunity for entrepreneurs in South Tangerang, both micro, small, medium and large scale to play an active role in reaching the market in South Tangerang city itself.

At present, the problem still faced by SMEs is low productivity. This is related to the low quality of micro-scale business entrepreneurship competencies. SMEs still face the factors that are still an obstacle in increasing competitiveness and performance including limited access to capital-capitalization, limited access to marketing, and limited access to information about resources and technology [1].

Based on the problems stated above, as a higher education institution which has a noble duty namely Tridarma of Higher Education, it has a program called Community Service (PPM). The universities should share their knowledge, experience and skills to improve people's welfare and solve community problems. Syarif Hidayatullah State Islamic Universities (UIN) Jakarta, located in the Tangsel City region is certainly highly anticipated by the people in South Tangerang City. Therefore as the academic community, the Information System Major proposes research-based community service to improve the competitiveness of SMEs by introducing access for marketing using the internet technology, called internet marketing, with the title "Internet Marketing for Increasing Competitiveness of Small and Medium Enterprises in South Tangerang Region".

Many people assume that the internet marketing is all of things related to making money on internet, which is actually not true. Most programs seeking for money on internet are activities that prohibited and fraudulent or deception which only benefits certain people or entities [5].

The internet marketing environment and internet marketing activities generally include or revolve around things related to the manufacture of advertising products, prospect search or buyer search and writing marketing sentences to sell products or services. This internet marketing is also generally includes digital service activities, digital products and advertising using digital banners. Advertising using digital banners such as promotion through: search engines, electronic mail, and affiliates [6].

Effective internet marketing activities include many strategies from search engine optimization, social networking, and per click paid advertising. Following the diversity of these strategies, sustainable learning for this is very important. The benefits of online marketing in between are [7]:

- Unlimited time, because it can be accessed for 24 hours.
- Reach a wider market, even to the foreign countries.
- Reduce marketing costs, because it is no need to make outlets physically and also no need brochures, banners, and so on.
- Simplify the business people to establish relationships with consumers through an interactive communication by utilizing chat or email discussion room.
- Internet marketing strategies can provide more value to deal with competition.

This paper consists of five parts, including: introduction, methods, results and discussion, conclusions, and references. This paper will explain how Perception in Adopting Internet Applications for Marketing Small and Medium Enterprises in South Tangerang City in Indonesia.

2. Methods

This preliminary research uses mix-methods, namely quantitative and qualitative models. The quantitative model is carried out by conducting a questionnaire distribution survey to assess the readiness of SMEs to implement internet marketing. While the qualitative research model is carried out by conducting interviews and Forum Group Discussion (FGD) to experts and business people in

SMEs to find out more about the problems face in terms of the use and application of internet marketing and then how about the solution.

Furthermore, researchers will provide assistance to introduce internet marketing technology and its use, namely by conducting Internet marketing Training.

This research begins with conducted a literature study. In the literature study stage, researches collected literature that discussed SMEs, MSMEs, internet marketing, and E-Marketing. The stage carried out after conducting a literature study (preliminary study) in the form of research using mix-methods, there are quantitative and qualitative models. In the quantitative model, a survey was conducted by distributing questionnaires, which aimed to examine the extent of the readiness of these SMEs to adopt or implement the Internet Marketing. The results of the questionnaires will be processed using statistics and displayed in graphical form [8]. The qualitative model is carried out by interviews and Forum Group Discussion (FGD) on experts and actors in SMEs to find out more about the problems faced by SMEs in terms of the use and application of internet marketing and then how about the solution. The results can be input into the types of marketing media needed by SMEs in implementing internet marketing, and approaches to internet marketing training that will be implemented.

The next step is created a research instrument and then distributing questionnaires to 100 respondents from SMEs in South Tangerang City. Conducted interviews and FGDs with several experts and actors in the South Tangerang SME (IKM) Community. The results of the questionnaire will be processed using statistics and then analysed and also summarizes the results of the interviews. In the next stage, the adoption of internet marketing model is in the form of:

- 1) Internet marketing training and its application. This eting training consists this following modules:
 - a) E-Commerce and Internet Marketing [9]
 - b) Making an online store; and Tips and Tricks for web designing and creating online marketing content. Online stores can be facilitated by joining existing Market Place Online, such as tokopedia.com, bukalapak.com
 - c) Social media marketing, such as Facebook, Twitter or Instagram [10]
 - d) Digital content development [11]
 - e) Online Payment
 - f) SEO (Search Engine Optimatation), which is how websites can reach the top in search engines.

- 2) Developing a website and digital marketplace for the South Tangerang City Community, and Developing the Market place. The aim is for the UKM /IKM to have facilities and infrastructure

3. Result and Discussion

3.1. Total Respondents

The total number of respondents who filled out the online questionnaires through google form were 126 respondents.

3.2. Results of Demographic Data Analysis

3.2.1. Gender. The majority of respondents are female, that is as much as 75.4% of the total number of respondents, while 24.6% are male respondents.

3.2.2. Age. The majority of respondents have an age range of 40-49 years as much as 43.7% of the total respondents, while 28.6% are respondents aged 30-39 years, 18.3% are respondents aged 50-59 years, and 1.6% are respondents aged over 60 years.

3.2.3. *Current Job.* The majority of respondents have jobs as owners or business owners, which is as much as 84.9% of the total number of respondents, while the rest are employees or workers from other companies or institutions.

3.2.4. *Current Business Field.* The majority of respondents do business in the food, beverage or culinary sector with a percentage of 87.3% of the total number of respondents. The second sector is fashion with 2.4% from the total number of respondent, and the third sector is craft with 1.6% from the total number of respondent.

3.2.5. *Type of Business.* The majority of the types of businesses carried out by respondents are goods business, which is 95.2% of the total number of respondents, while only 4.8% respondents are in the type of service business.

3.2.6. *Types of Transactions Made for Customers.* The majority of transactions are cash transactions with cash equivalent to 68.3%, while 26.2% cash transactions are non-cash transactions and 4.8% are non-cash transactions with cash.

3.2.7. *Promotion Used.* The majority of promotions used are the promotions from person to person, and social media (Facebook, Instagram and Whatsapp) which have a percentage of 20.6%.

3.2.8. *Perception of Social Media.* The majority of SMEs or SMEs have tried to use social media, but only in the initial stages and only for personal gain, this is indicated by a percentage of 60.3%. While 36.5% respondents who have used social media routinely and are part of their work for professional development, and the remaining 1.6% of respondents are proficient users of social media.

3.2.9. *Frequency of Internet Usage.* There are 79.4% of respondents frequently use the internet (more than 5-7 times more per week). This shows that the opportunity for implementing internet marketing for SMEs or SMEs is actually quite good.

3.2.10. *Perception of the importance of Following Internet Marketing Training.* Based on the diagram below, it can be seen that the interest and enthusiasm of SMEs or IKM to participate in internet marketing training. This is indicated by the percentage of positive responses of respondents which reached 99.2%.

3.3. Results of the Adoption of The Internet Marketing Perception in UKM or IKM in South Tangerang City

3.3.1. *Adoption of E-Commerce.* Based on the Table 1, it can be concluded that the process of adopting e-commerce in SME shows a positive trend. SME have begun to use Social Media to run business processes primarily to market products and reach not only domestic but also national markets online.

Table 1. The Perception of Adoption of E-Commerce.

No	Statement	Result	
		Interpretation	Percentage (%)
1	I conduct marketing activities through communication & interaction (SMS, WA, Facebook, Instagram, Twitter, E-Mail, Fax) to facilitate me in product marketing.	Strongly Disagree	0.8
		Disagree	0
		Do Not Know	0.8
		Agree	42.1
		Strongly Agree	56.3
2	I feel that online market surveys to find information & data (in the form of news about products and prices,	Strongly Disagree	0.8
		Disagree	0

Table 1. The Perception of Adoption of E-Commerce.

No	Statement	Result	
		Interpretation	Percentage (%)
	customers) give me the ease in my business.	Do Not Know	0.8
		Agree	48.4
		Strongly Agree	50
3	I feel that with the existence of online store services, social media (FB, WA, Instagram, Twitter) can facilitate me in reaching both domestic and national markets.	Strongly Disagree	0.8
		Disagree	0
		Do Not Know	0.8
		Agree	46.8
		Strongly Agree	51.6
4	I feel that making a banking transactions, shopping or online shopping ordering can speed up and make it easy for me to run my business process.	Strongly Disagree	0
		Disagree	0
		Do Not Know	3.2
		Agree	51.6
		Strongly Agree	45.2

3.3.2. *Benefits of E-Commerce for SME Business Activities.* Based on the Table 2, it can be concluded that the perception of the benefits of implementing e-commerce in SMEs shows a positive trend. In general, SMEs have started to get some benefits from e-commerce for their business processes, including faster time, lower costs, higher profits, ease of work implementation, expanding audience reach and increasing work effectiveness.

Table 2. The Perception of Benefits of Implementing E-Commerce in SMEs.

No	Statement	Result	
		Interpretation	Percentage (%)
1	I have a perception that online transactions are beneficial for speeding up work settlements.	Strongly Disagree	0
		Disagree	0
		Do Not Know	3.2
		Agree	57.9
		Strongly Agree	0
2	I have a perception that online transactions are beneficial for the procurement of goods from suppliers throughout Indonesia with faster time and cheaper costs than procurement in other ways.	Strongly Disagree	0
		Disagree	0.8
		Do Not Know	4.8
		Agree	59.5
		Strongly Agree	34.9
3	I have perception that online transactions are beneficial for reducing production and distribution costs, so the price of products can compete and get higher profit.	Strongly Disagree	0.8
		Disagree	3.2
		Do Not Know	8
		Agree	52
		Strongly Agree	36
4	I have a perception that online transactions are beneficial to providing inventory goods on time.	Strongly Disagree	0
		Disagree	2.4
		Do Not Know	6.3
		Agree	56.3
		Strongly Agree	34.9
5	I have a perception that online transactions are useful for facilitating work.	Strongly Disagree	0
		Disagree	0
		Do Not Know	1.6
		Agree	62.7
		Strongly Agree	35.7

Table 2. The Perception of Benefits of Implementing E-Commerce in SMEs.

No	Statement	Result	
		Interpretation	Percentage (%)
6	I have a perception that online transactions are beneficial for getting the potential customers everywhere, with relatively cheap investment and operational costs.	Strongly Disagree	0
		Disagree	1.6
		Do Not Know	4.8
		Agree	52.4
		Strongly Agree	41.3
7	I have a perception that online transactions are useful for advertising with media that easily achieves broader audience.	Strongly Disagree	0
		Disagree	0
		Do Not Know	4.8
		Agree	49.2
		Strongly Agree	46
8	I have a perception that online transactions are beneficial for increasing work effectiveness.	Strongly Disagree	0
		Disagree	0
		Do Not Know	3.2
		Agree	58.7
		Strongly Agree	38.1

3.3.3. *E-Commerce Constraints.* Based on the Table 3, it can be concluded that the perception of the constraints of the implementation of e-commerce in SMEs does not affect the business process. In general, SMEs expressed their disapproval of the statement that explained the constraints of e-commerce in carrying out their business processes, including the constraints of relatively expensive online transactions have relatively expensive costs when compared with benefits that can be obtained, online transactions can takes a long time, the difficulty of switching to technology-based methods, and the constraints of online transactions based on management's level of understanding are SMEs they still prefer to transact in the normal way (using documents and meeting directly between buyers and sellers).

Table 3. The Perception of Benefits of Implementing E-Commerce in SMEs.

No	Statement	Result	
		Interpretation	Percentage (%)
1	I feel that online transaction constraints are relatively expensive.	Strongly Disagree	8.7
		Disagree	46
		Do Not Know	26.2
		Agree	18.3
		Strongly Agree	0.8
2	I feel that online transaction constraints have relatively expensive costs, compared to benefits that I can get.	Strongly Disagree	9.5
		Disagree	54
		Do Not Know	25.4
		Agree	9.5
		Strongly Agree	1.6
3	I feel that online transaction constraints can take a long time.	Strongly Disagree	6.3
		Disagree	65.9
		Do Not Know	15.1
		Agree	11.1
		Strongly Agree	1.6
4	I feel that online transaction constraints are the difficulty turning to technology-based ways.	Strongly Disagree	6.3
		Disagree	46
		Do Not Know	18.3
		Agree	27
		Strongly Agree	2.4

Table 3. The Perception of Benefits of Implementing E-Commerce in SMEs.

No	Statement	Result	
		Interpretation	Percentage (%)
5	I feel that online transaction constraints based on management's level of understanding are SMEs, I still like to make transaction in normal way (Using documents and meeting directly between buyers and sellers).	Strongly Disagree	4
		Disagree	46.8
		Do Not Know	20.6
		Agree	25.4
		Strongly Agree	3.2

4. Conclusion

From the discussion, it can be concluded that the adoption of e-commerce in SMEs in South Tangerang City has a positive trend. The use of Social Media is the most widely used in running the business process SME / IKM is Whatsapp, then followed by Facebook, Instagram, Twitter. In addition, the use of websites and e-mail has also been used by several SME / IKM actors. However, from the results of this study it is undeniable that the majority of promotion methods used by SMEs / SMEs in South Tangerang City are through communication from person to person, this can be caused by business people who have so far acquired Social Media just entering the initial stage and using it only to personal interests. The enthusiasm of SMEs actors in South Tangerang City regarding the use of Internet Marketing (e-commerce) is very good.

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