

Strategy of Digital Marketing Company That Serve SME in Pandemic Era

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Abstract: The aim of this study is to analyze the conditions of an advertising business in the midst of a pandemic crisis. The global pandemic have affected all sector in every country around the world, resulting a health, social, and economic crisis that affects directly and indirectly to a business. In order to survive in the high uncertainty, a company have to re-arrange their internal resources and re-identify the external conditions to formulate strategies to maneuver. Some of the tools to help companies formulate strategies are PESTEL to analyze external factors based on Political, Economy, Social, Technology, Environmental, and Legal sector mixed with Internal analysis identifying Strength and Weakness of a company. This study use qualitative research method to gather information by interviewing informants from SME and studying documents to confirm the interview results. The result of the internal and external factors will be matched with TOWS matrix and STP to find the best strategy alternatives to be used in the current pandemic. From the strategy alternative result, it can be concluded what strategy an advertising company have to use to survive in the crisis.

1 INTRODUCTION

SME (Small and Medium Enterprises) is a type of business that is mostly run by an individual or a group instead of an organization or corporation. SMEs also plays a massive part in supporting a country's economy, for example in Indonesia, according to BPS (Indonesia's Central Bureau of Statistics), as of 2018 the amount of SMEs has reached 64,2 million which is 99,9% of businesses in Indonesia. And within the 64 million SMEs that exists in Indonesia, only 8 million or 13% of these SMEs are present on the digital platform. According to Arliman, (2017), Small and Medium Enterprises (SME) have strategic role to strengthen national economy, therefore government should pay attention to the strategies and policies developed to empowering SME. One of the strategy to empowering SME using digital marketing.

In modern business, Digital Marketing is so important that it should be a key part of the approach (Guttman, 2019). The use of Digital Marketing immensely transformed how businesses and organizations communicate with their audiences

(Dave and Fiona, 2019). In conclusion, these statements should be considered by Indonesian organizations or companies to switch and massively use information and technology to communicate and promote digitally to reach more people or consumer.

Digital Marketing growth in Indonesia is improving and all this have an impact on showing the potential growth in Indonesia and shows promising potential target market, mainly in product and service marketing. The number of mobile service users make it easier, looking at the numbers, with more than 50% of the population able to connect to internet and digital world, and 328 million SIM Card registered, it is the best thing to do for marketing to going digital through internet or in this case, using SMS Marketing. A form of a mobile marketing that lets your business appeal to users on mobile devices is what an SMS Advertising is, and like other digital marketing channels, the use of SMS marketing is to reach potential customer and to keep the customers in the loop (Antaraneews, 2020). As big as potential of reach on other digital marketing channel such as social media and email marketing, the potential reach for SMS marketing in Indonesia is big because the

number of SIM card that already been registered, means that the target audience increases.

As on average, within 3 minutes 95% of people read text messages, the use of SMS Advertising is massive to get customers information about what a business offers to them (Moriarty and Sandra, 2014). With these stats, it is recommended for business to use the form of digital marketing, but however, some company are capable to do this on their own, these are usually technology-based company who have the resource and tools to do it. Nevertheless, with the tools and technology they have, they usually struggle with the lack of knowledge of how to communicate it properly in an efficient way possible. Thus, with this opportunity comes a company that specially provide the service to bridge the Business and the people they are trying to reach. These companies are Advertising company.

Advertising company or agency is a business that provides service of planning, creating, and managing all aspects of a client's advertising, including managing a client's digital marketing plan (Ndubisi and Nataraajan, 2016). An advertising company will use campaign or communicate with the targets their client wants to reach by SMS and or Email. To use the SMS Method, a certain condition needs to be met to effectively advertise or market a brand or a product. This usually means they can only reach a certain area where a user of a chosen Mobile service provider is crowding a location. People like tourists, an outsider of the area, or people visiting a certain attraction or event are mostly the targets.

Although it is one of the digital marketing channels, the treatment of SMS marketing is different than another channel. Rather than using usual digital marketing agency, SMS marketing usually done by SMS blast company since target audience focuses on mobile phone users and more varies. One of the ways for targeting in SMS marketing done by SMS blast company is Geolocation targeting. Unlike traditional SMS marketing that just target certain numbers of customer or mobile phone users, geolocation targeting uses mobile device built-in GPS the target customer with the accuracy to show where they are located (Peppard, 2016). So that customers can get promotion or advertisement near a location where a merchant or a store or a business is near them, which makes the targeting even more narrow.

2 LITERATURE REVIEW

This research was conducted with the support of previous research using similar method with this

research. The journal written by (Nicula and Spanu, 2020) used PESTEL analysis as a tool to identify the external factors surrounding honey farm in Hunedoara country to help the authors to formulate the best strategy for sustainable bee farming. Similar to the journal, this research use PESTEL analysis to identify the external factors where company operates and help to formulate strategies. The main difference is this research use TOWS analysis to identify the internal factors to formulate strategy and the conditions which in this research company is operating in the midst of a pandemic crisis. In the journal written by (Rahul et al., 2019), the author of the journal used STP as a tool to analyze how effective a marketing strategy implementation of Batik Diajeng Solo to improve to improve its competitiveness. The difference between the journal and this research is that this research used STP analysis to identify the market Segment, Target, and business Positioning of company and generate strategy with the support of other analysis tools.

3 METHODOLOGY

Techniques and instrument of data gathering is a primary step and the most important factor in doing a research because with the collected data researcher might get a result after processing the data. Based on the above, it can be concluded that data collecting is a technique that the researcher can use to get the necessary data from the informant with the use of time. Data collecting done by the researcher is needed in a scientific research because this is related to how the researcher gather data, where the data is gathered from, and what tool is used in collecting the data.

Determining informant in this research is done by purpose sampling technique that is a technique of choosing data source with a certain consideration according to a certain purpose. This consideration could be: Someone in the company who know most of the company strategically, or an informant such as higher-ups of an organization or business so that the researcher has easier access of the most credible and in-depth information. The choosing of the informant is based on subject that have the access to the data, possess the knowledge of the problem at hand, and willing to share the data. In this research, the criteria of the informant are managers above with length of work time of at least five years.

The form should be completed and signed by one author on behalf of all the other authors. This research is conducted with qualitative descriptive method, which displays qualitative data of the objects based

on visible facts. To analyse the collected qualitative data, author lean on phenomenon’s connected to the existing theories. Premier data collected with the interview method is the main source of data analysis to answer the problem statement of this thesis. The secondary data that will support this research are documents such as news, and legal or laws made by the government.

3.1 Data Reduction

To reduce the gathered data, interview results and documents analysis will be summarized and capture important points to be displayed.

3.2 Data Presentation

Reduced data will be presented as a narrative, graphic, and matrixes in order to simplify the displayed data so it will be easier to comprehend.

3.3 Conclusion

The last step is to make a conclusion of all the analyzed data into a formulation of strategy fit for the conditions of the company.

4 RESULTS AND DISCUSSION

4.1 Result

Company determine its customer segmentation from the SME. The purpose of this segmentation is to encourage and support the 98% of Micro businesses to upgrade its scale of business to small or medium. Based on segmentation above, the segmentation criteria can be identified as below:

- Geographic segmentation: For a company providing service in digital platforms, company can operate from one place to serve its clients in faraway location. Nevertheless, with its current resources and clients it wants to serve which is SME businesses, company will focus in Indonesian market as its segmentation.
- Demographic segmentation: It is a company that operates in B2B to provide digital service without specific client’s demographic characteristics. In this context company serve all kind of demographic characteristics based on the needs of its clients.
- Psychographic Segmentation: It is focusing to improve the business level of micro to at least

small or medium. In this matter company psychographic segmentation is low to medium social class clients.

- Behavioural Segmentation: The focus of this company is to introduce its services to micro and small businesses that is not familiar with digital advertising. Its behavioral segmentation based on the interview is the businesses that only focusing on production and sales and not really familiar with marketing and advertising.

The target market is to reach is the institutions and associations which the micro, small, and medium businesses are part of. Small businesses that have a certain similar characteristic in their business usually join to make one big institution or association to connect with each other. Company is trying to position itself as the one stop solution for advertising needs in the market which offers simplicity and effectivity in its service process.

Based on internal and external analysis, so the tows matrix as conclude in figure 1 below.



Figure 1: TOWS matrix.

Below are the strategies:

- Increase database by using Telkomsel’s By.U customer database and upcoming digital SIMCard user. Based on the identified factors, company can make use of its partnership with the cellular operator to increase its database range through the new product of Telkom targeted for younger customer, By.U. This new product of Telkom might trigger XL and Indosat to try to launch similar product to compete with Telkomsel, thus providing more user database. Enhancing the partnership will give access to the new database. (Product Development).
- Introducing the simple all in one app to the new digital for SME. When operating conventionally through physical store, SME

might be unfamiliar with digital processes. After entering the digital platform, SME is re-starting its business in a new market and environment. In this stage, newly digitized SME will find a way to promote their product through digital platform. This is an opportunity to introduce their all in one application which offer simplicity to the new market segment. (Market Penetration).

- Develop product to more platform such as PC and Social media. (S1, S3, O3). With advertising industry experienced management team, it can easily identify the needs of its clients from the potential targets. The increasing number of digitalized SME and digital activity traffic from the end customer means more clients and targets with different needs and interests. In this opportunity, it should develop it's all in one application and add new line of service or increase the quality of existing service in order to maximize its performance. (Product Development).

4.1.1 Weakness-Opportunity (WO) Strategy

In WO Strategy, company have to take advantage of the available opportunity to turn weakness to advantageous situation. Below are the strategies:

- Promote and maximize non-SMS digital advertisement to the new client and cellular user. Text based SMS advertising feels boring to certain customer and even some chose to block the SMS. In this situation it need to reach the customer with other media that is more attractive to the new potential targets. (Related diversification).
- Maximizing profit and service quality through focusing on one strong product. It is not easy to manage 13 line of products. To build strong bond which result in loyalty, it must bring a high quality service and contents for the advertisement. Focusing on the best product fit for the new market and target customer will increase the service quality and revenue. (Best value focus strategy).
- Bundle the product and lower the price for higher number in Bulk SMS Blast order. In order to attract the new digital platform for SME, company must have a competitive price with good quality service compared to its competitors. To offer more competitive price, it can bundle its services that might attract more clients in the new digitalized SME. It can

also offer lower price in higher quantity order (Best value cost leadership).

4.1.2 Strength-Threat (ST) Strategy

In ST strategy, company have to take advantage of strength to overcome threats. Below are ST strategies:

- Take advantage of the broad database to reach more target when some use advertising blocker. When a company have limited number of customer database, sending SMS advertisement or any other digital advertisement might fail to reach the desired target. This can be caused by not having enough user database to be send to, and some users choose to block the advertisement. With the broad database currently have,, the failure of message being delivered can be avoided by reaching more user. (Product development).
- Develop value added service for the struggling business. No matter how a business market its product or services, it will be in vain if the client or customers do not have enough resources to purchase the product, or if the condition reduce the value of the service for its given price. In these conditions, company can adjust its price or giving more value to a service will change the perception of the customer of the price given for its value. (Best-value cost leadership).
- Work with cellular operator and Government to socialize health protocol. One of the factors why PSBB regulation enforced to the public is not performing well is the rules and protocols are not communicated well to the public. In this matter company can work with the government or health institution with special package or bundle to offer to spread correct information about rules and protocols to the public. It can take advantage from the cellular operator database to spread the information. This might even open new opportunity to partner with government and other institution. (Market Development).

4.1.3 Weakness-Threat (WT) Strategy

In WT strategy company have to minimize the possible damage caused by threat and its weaknesses.

- Eliminate product that did not bring much profit while hindering operation with difficult process. Some products or services developed by a business can be unprofitable in the

operation process. Some other are giving the business difficult time maintaining its quality while the revenue is not worth the investment in time and resources. For this situation company can focus on the most profitable product and eliminate the unprofitable service to maintain quality and revenue. This process can also reduce the number of division or assets if the product or service depends on certain division or asset. (Best value cost leadership)

- Develop existing product to find the loopholes for avoiding advertisement blocker. It can develop existing product to find loopholes and avoid its advertising being blocked by the user with competitive price.

After identifying the TWS Matrix, below are the result of the alternative strategy available:

- Market Development;
- Market Penetration;
- Product Development;
- Related Diversification;
- Best Value focus strategy;
- Best value cost leadership

Based on the analysis of the internal and external factors, and Segmenting, Targeting and Positioning plan of company, author have selected the most fitting strategy for this condition based on the appearance frequency in the analysis process:

- Product Development
- Best value cost leadership

Table 1: Alternative Strategy.

Alternative Strategy	Strategy	Appearance
Product Development	Develop existing service and take advantage of the new user database to attract current SME.	4
Best value cost leadership	Provide value added service or bundling service to attract SME and businesses affected by COVID-19	3

The strategies that author will suggest company to implement are Product development which is to develop existing service and take advantage of the new user database to attract current SME and other clients and Best value cost leadership strategy will Provide value added service or bundling service package to attract SME and businesses affected by COVID-19 that have low buying power.

5 CONCLUSION

Based on the result of data analysis using PESTEL, TOWS Matrix, and STP analysis in this research, author have formulated Product development and Best value cost leadership strategy. The product development strategy is chosen because the opportunity emerging from new database and SME in digital platform is a chance for company to improve its service in order to deliver the best experience for the SME which will result in customer loyalty. The best value cost leadership strategy is fitting for the current situation when the businesses spending for advertising and marketing is decreasing due to the damaged revenue because of the COVID-19. Company must provide a service that is worth the investment in the affected businesses budget in order to compete with its competitor. .

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