

BUSINESS MODEL POLISH LINE SME: ANALYSIS OF DIGITAL MARKETING STRATEGY

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ABSTRACT

Small medium enterprise businesses in Indonesia have one of the biggest contributions for its economic buoyancy, where 99 percent of the total business players are coming from this quadrant and the amount of working force absorption capacity is almost reaching 120 million workers. This amount keeps growing as well, with the help from unprecedented utilization of digital breakthroughs called social media. Despite this positive momentum, many small medium enterprise businesses struggled to grow due the fact they still lack the knowledge of digital marketing to promote their product efficiently. This qualitative research observes, examines and analyzes one of the small medium enterprises that specialized in car detailing, where we identified the core problems of this business and provide the specific comprehensive strategy to polish the digital marketing side, which is still underutilized. We use internal and external analysis such as SWOT analysis, business model canvas, marketing mix and porter's five competitive forces.

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1. INTRODUCTION

Indonesia is one of the countries whose economy is still developing with a population growth rate of 1.25 percent per year and a total population of 270 million people (BPS, 2021). With an increasingly dense population, it becomes increasingly difficult for the availability of jobs because competition keeps increasing. This is reflected in the unemployment rate in Indonesia which is still high, where the unemployment rate reaches 9.1 million people who are not absorbed in the labor market. We can assume that from 100 people in the workforce, there are around 6 people who do not have jobs (BPS, 2021). In order for Indonesia to develop significantly, the community must be more prosperous economically, small medium enterprises (SME) are one of the main solutions in order to eradicate unemployment in this developing country.

In Indonesia, small medium enterprises have a very large contribution where 99 percent are coming from this quadrant (KUKM, 2018). With these facts, small medium enterprises can help the Indonesian economy because MSMEs can create and increase the number of jobs, increase the level of income distribution, reduce poverty rates, export growth rates, develop the manufacturing industry and improve the economy in remote areas, especially in rural areas among young people.

The government already makes various efforts and attempts in order to help improve the performance and welfare of small and medium businesses in Indonesia, so that more people are involved in small medium enterprises. The efforts that have been made by the government are by creating government regulation number 7 of 2021 which is a regulation to provide convenience, protection and empowerment to small medium enterprises. The government also carried out a national economic recovery program (PEN) which was a program that was initiated to help small medium enterprises during the covid 19 pandemic. One of the assistance from the program was government assistance to help invest in cooperatives through the Revolving Fund Management Agency (LPDB).

These efforts have resulted in an increase in the number of registered small medium enterprises in Indonesia, where in 2017 the amount reached 62.9 million MSMEs and it increased in 2021 to 64.2 million MSMEs. MSMEs also have a large contribution to gross domestic product, where the number reaches 61 percent with a value of 8,573.89 trillion rupiah.

Despite experiencing significant developments and having a positive trend, many small business enterprises are still experiencing the same problems. That problem is they have not maximized marketing strategies to maximize profits and increase business turnover. Marketing strategy is something that is done

to regulate marketing activities so that the business can achieve the target of increasing sales (Kotler, 2012). The marketing strategy itself can include more than one promotional program, namely advertising, sales programs and personal selling. Marketing strategy has a relationship with business expansion because a properly executed marketing strategy can improve services or products and with increased sales, it can improve company finances so that it can make a business expand business. Investors will also be more interested in the business prospects.

In addition to the program, one part of the marketing strategy that some small business enterprises actors lack is the lack of understanding and use of online digital marketing. Along with the rapid development of technology, especially the easier it is to access the internet, digital marketing has become one of the most effective and efficient methods of promoting the products or services offered by small business enterprises. Digital marketing is also carried out using platforms or digital media that take advantage of the power of the internet by using media such as websites, social media and e-mail to increase the number of consumers that can be reached (Chaffey and Chadwick, 2016), so it is important to penetrate digital marketing.

One of the small business enterprises that still lacking in marketing strategies, especially when utilizing digital marketing is the Polish Line. Polish Line is a business that conducts its operation by providing coating, polishing, or polishing services for car vehicles. Polish Line was founded by Mr. Angga and his partner in 2018. Polish Line itself is still not optimal in managing its financial statements and their business has an expansion plan, but they don't know how to calculate the profit prospects that can be obtained when carrying out this idea. Polish Line also does not utilize their social media, which is illustrated by the number of posts that are not maximized, so they rely more on word of mouth from clients who use their services.

2. LITERATURE REVIEW

a. Small Medium Enterprises (SME)

There are a lot of variety definitions to describe small medium enterprises, but according to the Ministry of Cooperatives and Small Medium Enterprises, small business (micro business is included), is a business institution that has a total net worth of more than 200 million, where land and business building are excluded. The business also must have minimum 1 billion annual sales. Medium enterprises is a business institution that has a new worth bigger than 200 million and can reach up to 10 billions, where land and business building are excluded from the equation. Small medium enterprises have one of the most influential impact for Indonesia economic growth.. The contribution of small medium enterprises to the national economy (GDP) was 61.1%, and the remaining 38.9% was contributed by a large business actors, which only amounted to 5,550 or 0.01% of the total number of business actors. Another facts about small medium enterprises in Indonesia is it keeps growing, where in 2018 the total of small medium enterprises in Indonesia are already 64, 2 millions or 99,9% from the total of business player in Indonesia. It can be implied from this growth that small medium enterprises in Indonesia facing severe challenges in order to survive.

b. Digital Marketing

The rapid development of the internet over the past 15 years has made marketing strategies evolve, and currently, the marketing strategies are heavily invested and focus on digital marketing. Digital marketing is a product or service marketing activity that uses various digital media such as blogs, websites, e-mail, Adwords, and social media to reach more potential customers (Ridwan Sanjaya and Josua Tarigan, 2009). Digital marketing has advantages compared to old-fashioned or conventional marketing, i.e., digital marketing can make brand relationships with potential customers more interactive because the content produced is more interesting and engaging than conventional marketing methods (Heidrick and Struggles, 2009). The importance of digital marketing has been demonstrated in a report released by Borrell Associates, which showed that in 2016, businesses spent \$613 billion on digital marketing strategies (Borrell Associates, 2016).

Another advantage of digital marketing compared to conventional methods is the speed of distribution of advertisements is faster to reach the designated market because advertisers can see the number of advertisements that have been seen and how many conversions from these advertisements. Digital marketing also has a broad scope because it utilizes the internet, where the advertisement can be seen by potential customers from all over the world, and it can save marketing costs, which is more effective.

c. Social Media

Platforms for doing digital marketing that is often used is through social media. Social media is a tool or method used by consumers to share information in the form of text, images, audio or video with other people and companies or vice versa (Kotler and Keller, 2016). Active social media assisted by internet access has a positive impact on companies as indicated by increased brand awareness and the development of stronger relationships between customers and companies and to increase customer satisfaction levels (Simmons, 2007). A study shows that in some cases, the use of social media can also have a straight relations with the company's sales results and customers who are committed through social media to the company are more profitable than those who are not committed to the company's brand on social media (Rishika et al., 2013).

With the various benefits provided and the ease of accessing information through social media, it can be inferred that social media has become an important part of an organization's branding marketing strategy (Bruhn et al, 2012). Usually, companies use the Facebook and Instagram platforms to carry out digital marketing strategies.

d. Business Model Canvas (BMC)

Business model canvas (BMC) is a method used to understand and assess the value of an organization, so it can be easier to be analyzed (Ostrowalder and Pigneur, 2010). By applying this method, there are 9 variables that must be displayed in order to analyze the organization thoroughly. These variables are customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partners and cost structure.

e. Segmenting, Targeting and Positioning (STP)

It is very important for SME to make STP analysis in order to classify the individuals that can be the main target to buy of the products or services being sold and to find out the positioning of the products and services compared with the competitors. Segmenting is business analysis steps to divide the market into several segments and these particular groups can be used as SME choices as their main target market (Kotler, 2012). Segmenting can be categorized by four components such as behavioral, geographic, demographic and psychographics.

Targeting is the continuity after SME handpicked their main segmentation to heavily focus on selling their products or services (Solomon and Stuart, 2002).

Positioning is a method used by SME in order to identify their positions compared to the competitors and find some advantage, so the products or services can have a special places or high awareness to the segmentation and targeted customers (Kotler and Keller, 2016).

3. METHODS

This qualitative research aim to help the small enterprise that participate in this research and solve the problems occurred in their business in order to help that particular small enterprises grow. After have a throughout analysis and have a discussion with the owner, the research questions can be breakdown as:

Research Question 1 : How to fix the financial reporting that conducted by Polish Line?

Research Question 2 : How to make the right digital marketing strategy for Polish Line?

This business coaching research aims to understand the phenomena that occur to participants within the scope of their small and medium enterprises in the form of business coaching. The methods of business coaching have four steps: (1) external and internal analysis (Business Model Canvas, STP, Marketing Mix, PESTEL, Porter's five competitive force, VRIO analysis and SWOT analysis), (2) TOWS, gap analysis and Pareto analysis, (3) making a best decision to solve the problems occur in the small medium enterprises (Polish Line) and (4) implementation.

Besides using the business coaching methods, in order to help complete the qualitative data research, the coach use sources such as interviews, observations and documenting (Patton, 1990). The interview technique is using depth interview with a semi structured questions, while the researcher also observe the business location's of polish line in order to understand more about the business process. The results of interview is documented. Semi structured interview is used to encourages two-way communication between the coach and coachee. Secondary data also used in order to help the coach make an external and internal analysis needed, find a solution to the problems and increase the validity of this study.

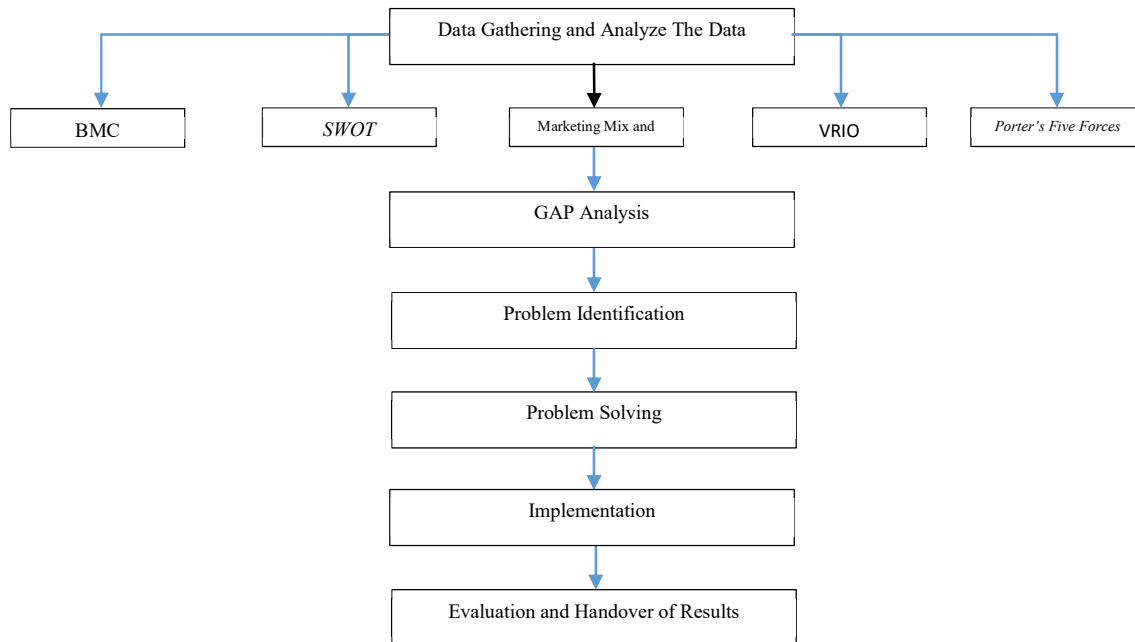


Figure 1. Qualitative Research Using Business Coaching Approach

4. RESULTS AND DISCUSSION

After conducting external and internal analysis of Polish Line micro business, the main problem was the inconsistency of media social post completed and the lack of digital advertising knowledge, which resulting the stagnancy of Polish Line digital presences. In order to fix this problem and help the micro business in the utilization of digital marketing awareness, there are steps that *coach* and *coachee* agreed to do.

a. Social Media Content Template

Coach made some media social that Polish Line does not have (notably Facebook) and Google Business along with Linktree to act as a bridge with all the different social media platform in order provide better communication and collaboration between companies and their stakeholders (e.g. customers, suppliers, business partners) (Burke, Fields, & Kafai, 2010). After completing all of those steps, the coach made a social media content template, a file created with an overall layout or blueprint with the format used for a group of documents or generic documents. The template design can be viewed as the form of specific directions such as the criteria for the fonts used, themes, theme colors, effects, background styles for the content to be created or edited.

The content itself is divided into three (H. Shahbaznezhad et al, 2021), namely rational, emotional and transactional content. Rational content is content that is informative or to describe an ongoing event. This content usually describes events, places, opportunities, people, or celebrities that are directly connected to the brand or post media photos and videos that are connected to the brand or vice versa (Coelho et al, 2016). Interactional content is a type of content that can generate interactive respons from the users by creating an intertaining and interactable content to the extent which content that meets consumer needs will carry out social integration and interaction (Dolan et al, 2019). Transactional content is the type of content which provides information about prizes or awards that can be won by users (Dolan et al, 2019) by fulfilling requirements set by actors SME such as creating quizzes, giving discounts, online coupons for discounts or business services. The figure belows are the example of the template made by coach and this template can be edited in accordance to the needs of the business.



Figure 2. Rational, Interactional and Transactional Content Template

b. Social Media Content Scheduling

In order to maintain the consistency on the number of social media posts and to ensure the micro businesses post at the right time, the coach makes a content scheduling. According to previous research (Akpinar and Berger 2017), determining the time the content is displayed or when the content is posted greatly influences the level of engagement with social media users which is indicated if posting in the morning can increase the link click ratio by 11% compared to posting in the afternoon the day and time the content is circulated also influences the TCA (targeted content advertising) that has been created, so there are certain hours when TCA is more effective, where in the afternoon 21% more link clicks occur than in the morning (Gong et al, 2017). Looking at the facts, it can be concluded that it is important to schedule social media content.

The coach and coachee agree with the solution to use a content calendar application such as Trello. We choose trello because besides its free, it also provide an easy to understand interface, structured schedule and it can also act as a reminder system that reminds team members to immediately work on the to do list. The figure below provide an example of the Trello interface.

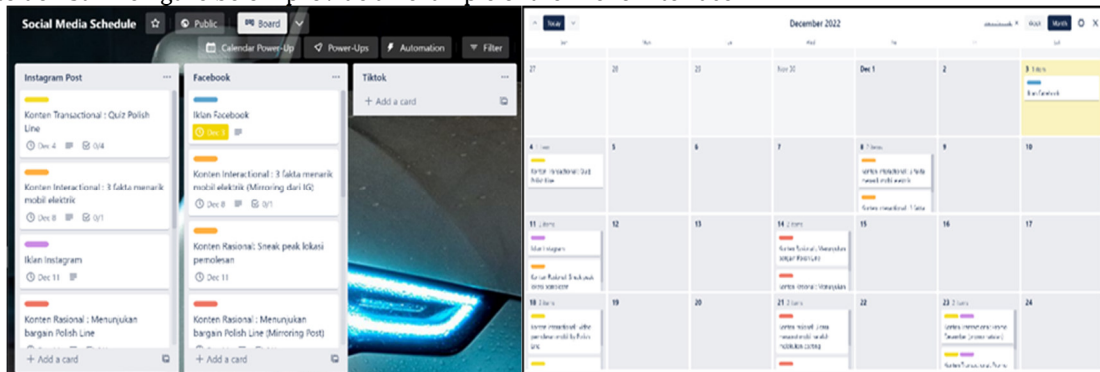


Figure 3. Content Schedule Interfaces

c. Facebook Ads

Advertising through social media can be classified as an interactive modern technology, where advertising using social media is the spearhead of the company's communication method with customers (Logan, Bright and Gangadharbatla, 2012), especially when compared to traditional mass media advertising, companies can interact in a two-way manner with customers (Wu, 2016). By using social advertising media, various company goals can be achieved such as increasing brand awareness, building customer knowledge, shaping customer perceptions, and customers actually buying products (Shareef et al, 2017).

After discussing with the coachee, social media ads will use Facebook social media. This is because this social media have the largest number in Indonesia, which is 92.53 million (Data from Napoleon Cat 2022).

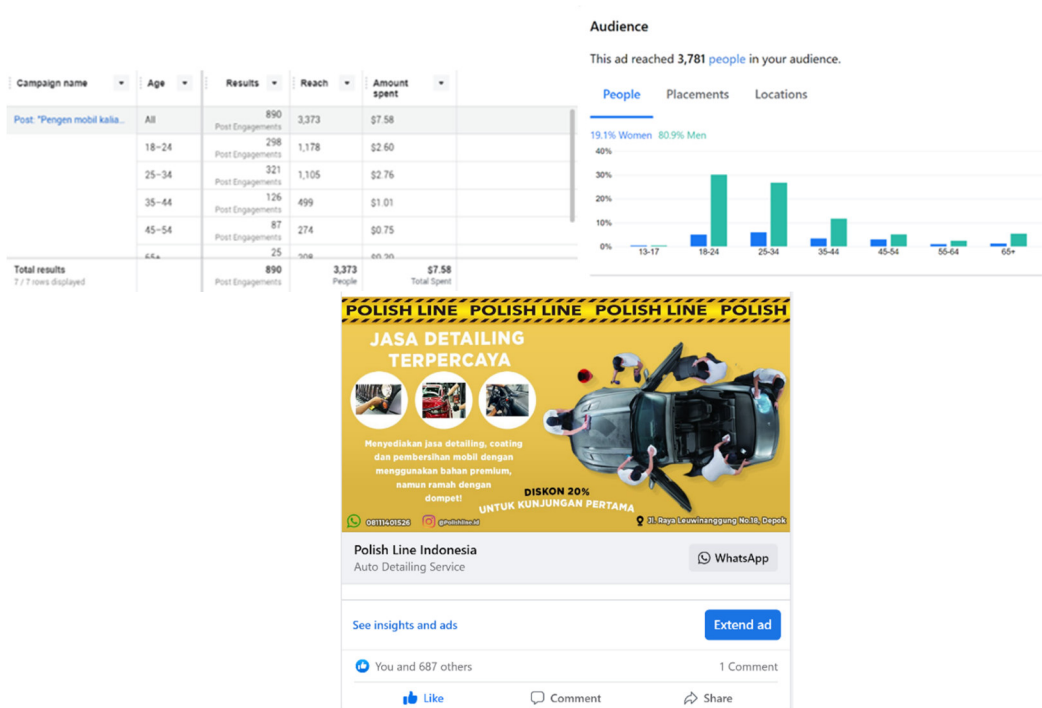


Figure 4. Facebook ads Content with Analytics Results

From the picture above it can be seen that the number of users reached is 3,373 with the number of engagements reaching 890 and the total budget that has been purchased is IDR 120,000 (the dollar exchange rate used is 1 USD = IDR 15,400).

The image above is the result of Facebook ads based on the target demographic. From the picture above which is data from Facebook analytics, it can be seen that the majority of ads are seen and have a good impression on men (81%) compared to women (19%) and the average age of those who see these ads is in the age range of 18 – 34 years. This is almost in line with the targeting already set before.

5. CONCLUSION

After coach implemented new digital marketing strategy in order to increase the brand awareness of the business and shift the utilization of Polish Line digital marketing, the number of page visit increase along with the number user reached (3,383) and engagement rates (890). If the Polish Line micro business keep doing this, their brand awareness will increase dramatically in no time that can be align with the increase of engagement rates and user reaches. In order to have a maximum results, this implementation needs more time to execute. When the brand awareness increase, it will have a straight relation with the sales in long term.

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