

Design strategic imperatives for transformation in the conventional market business in Indonesia

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ABSTRACT

The impact of the Covid-19 pandemic has a negative influence on conventional market businesses in many developing countries in the world. Several companies that conduct conventional marketing activities have difficulty reaching their consumers. This paper designs a transformation strategy from conventional sales activities to Strategic Smart Market as the main challenge for conventional market businesses. Its to change the mind set and business strategy of an ordinary market towards a smart thinking-based market in Indonesia. The method used in this paper is a collaboration of internal marketing and external marketing approaches by optimizing the function of employees to engage in product sales activities. As a first step the authors identify market segmentation, market share, sales structure and integration of contributions across functions and product supply chains. The results of this study are coherent and integrated business strategies that change conventional marketing methods into smarter strategies that can improve the performance of activities, start from promotion cost, cost delivery, sales wages, customer prospect, interaction with marketing facilities, new customers targets, expanding target market, customer feedback and product information activities.

Keywords:

Covid-19; Strategic Smart Market;
Indonesia

1. Introduction

At this time the Covid-19 has an impact not only in the health sector but also in the economic sector such as the conventional market. Many business people in conventional markets choose to close their stores because the number of buyers has drastically reduced. This has a significant impact on their turnover so it cannot cover operational costs and other costs. Government policies that encourage people to stay at home and carry out all their activities from home. Thereby increasing sales of various products supporting activities and household needs on e-commerce platforms that cause changes in consumer purchasing patterns [1].

Internet users in Indonesia who participated in the survey of the Indonesian Internet Service Providers (APJII) in 2020 reached 54.68% of the total population of Indonesia, which is around 262

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million. A very large number, plus the facts that happened about 3 times compared to 8 years ago. Internet users in the business and economic sectors are between 37.82% - 45.14% of users searching for product and service information and helping with work. From the data, it should be an opportunity for conventional businesses to transform to digitally do business, products and services [2].

2. Internal Marketing and External Marketing Approach

According to [3] the main step involved in marketing management is the decision making process regarding the formulation, implementation and control of marketing plans which are carried out by analysed internal and external situations, planning and implementing their marketing activities.

Internal marketing is focused on obtaining and retaining customer-oriented employees by considering Human Resource Effectiveness (HRE) at a strategic and technical level and identifying appropriate steps [4]. According to him there is a valid and different limitation between internal marketing and HRE, so that internal marketing is an important antecedent for HRE. The internal marketing strategy also establishes service orientation as an organizational imperative that focuses on achieving effective internal exchange between the organization and its employee groups with ideas such as relationship marketing, all employees as "part-time marketers," and internal customers are considered from the perspective of organizational behaviour.

There are three main phases in developing the concept of internal marketing, namely the motivation and satisfaction phase of an employee, the customer orientation phase, and the implementation strategy phase [5]. These phases aim to optimize the implementation of structured and systematic internal marketing.

In an unstable economy an organization is demanded to change the company's strategy to survive [6]. One of the way for companies to reduce costs is to switch to social media marketing with brands and other marketing activities that do not burden the company's finances. How to judge the instruments that are most convenient for marketing target product segments in difficult times. Social media that can make anyone a producer or seller who sends it virtual and interactive communication [7, 8]. According to them the most important way of a powerful tool in business practice so that the pruning needed uses social media to realize their strategies at lower cost levels.

As a formal and legal part of the planning process, internal marketing and external marketing programs are output from the marketing planning process at the strategic and tactical level. For this relationship can be seen in the figure 1 [9].

Internet and social media are a source of competitive advantage in business-to-customer and business-to-business marketing. This is the biggest increase opportunity for companies across sectors. Internal Product approach, Human resource approach, Facility approach, External Customer approach, Relationship approach, Conditional and Situation approach [10].



Fig. 1. Marketing Plan [9]

3. Social Media Marketing

Social media content consists of text, images, videos and networks: Text is the first social media, especially in the form of a blog which is short for web log. Blogs are websites, which contain and are written by individuals who have comments and diaries that can contain text, graphics and videos, and links to other blogs and web pages, usually in chronological order. On the channel side, social media consists of various channels in which interactions between individuals and entities such as organizations are facilitated and disseminated. Usually, social media is very accessible and easy to use [11] [12]. These channels use internet and internet-based technology to turn broadcast media monologue (one-to-many) into social dialogue media (many-to-many). This social media supports the transition of knowledge and information and transforms individuals from mere content consumers to content producers. [13] rate social media as "a collection of Internet-based applications that are built on ideological foundations and Web 2.0 technologies, and that allow the creation and use of user-generated content."

According to [14] social media can be used to generate sales growth, ROI, and positive word of mouth and can transfer further brand knowledge. The language used must also be an important concern of marketing on social media, a common problem that occurs is using formal language during the customer communication process and creating unattractive content. Another important point is from the perspective of being less effective in using Twitter when compared to Facebook accounts that are has many interesting features [15].

For individual businesses, start-ups, small businesses or large companies, ongoing conversation with constituents is a basic requirement – and will require time and expertise [16]. Companies divert resources and rethink they conventional strategies. This requirement was reinforced by [17] that in order to increase sales in digital-based marketing, marketers must focus on deep interaction with consumers.

As marketers are increasingly aware of the importance of relationship marketing, it will increasingly maximize the potential use of social media for marketing strategies. In the paradigm shift towards relationship marketing, social media must also be consistent with transactional marketing, although social media marketing activities in particular can enhance relationship marketing approaches [18].

4. Research Methodology

In this paper collaborate the concept of internal marketing with external marketing. Here the flow of product sales does not only stop at employees but on this strategy in addition to employees buying products for themselves but also given the task to make external marketing to customers. Employees provide information about the vision, mission, promotions, values and product offerings to customers the same as what the company gives them. The work principles of the two concepts are still used, but here the company gives freedom to employees to determine how to promote and offer products to customers using their social media accounts.

The method also uses like the method of human resource effectiveness by collaborating the concept of internal marketing with the concept of external marketing. The function of the internal marketing concept in the organization, is identified based on the job descriptions of employees. These functions will be integrated with the activities of external marketing organizations with a focus on digital marketing through the social media of each employee as a means of marketing media. Here the employee's function will be optimized by conducting marketing activities to consumers through informal marketing.

The low sales of products do not only stop with employees, but in addition to buying products for themselves, they are also given the task of doing external marketing to customers. Employees must also provide information about the vision, mission, promotions, values and product offerings to customers as provided by the company to them. The working principles of the two concepts are still used, but on the other hand, it also gives freedom to employees to determine how to support and offer products to customers using their respective social media accounts.

5. Results and Discussion

In working on a marketing project, the act of involving employees is something that can be used as a new breakthrough to boost sales. Ways that can be done such as creating an attractive ad with employee involvement in it. In this way, employees will spread the advertisement for the sake of effectiveness of performance. Employees involved in this strategy are non-production employees, namely employees who are not involved in production activities.

Product advertising on this strategy is done by utilizing social media owned by each employee by providing a special code for the advertisement as information to customers that the advertisement is an official advertisement from the company. The reason for using social media is to build two-way communication between employees and customers. This method is considered effective to provide understanding to customers about the description of the product.

Social media marketing that has been carried out through third parties is social media-based websites. However, in this strategy, marketing is carried out directly through the company's internal parties by using their respective social media.

This strategy can reduce advertising costs that have been one of the company's biggest expenses can be eliminated. To motivate employees in this strategy is to provide incentives based on the number of sales they make.

In this strategy there are several things that need to be planned by the employees, namely, first, the ad format that will be distributed is the official advertisement of the company in the form of posters, fly, video and others. The purpose of making this official ad is to build trust for customers that the product offered is a genuine product from the company. Promotion can be done by posting internally so they can get to know the products offered. This step will be very effective if they feel

happy and want to share information with other relatives. The key to success in this step is good friendship on social media.

Second, for marketing using direct messages on social media, first group potential customers from all contacts or friends on a social media account. With Direct messages often used to send messages to close friends and relatives. This method is very effective in disseminating product and company information.

The third thing a company can do is establish effective personal communication. After determining the potential customers can then do two-way communication closer Here employees can convince customers freely. This closeness of communication has great potential to convince customers.

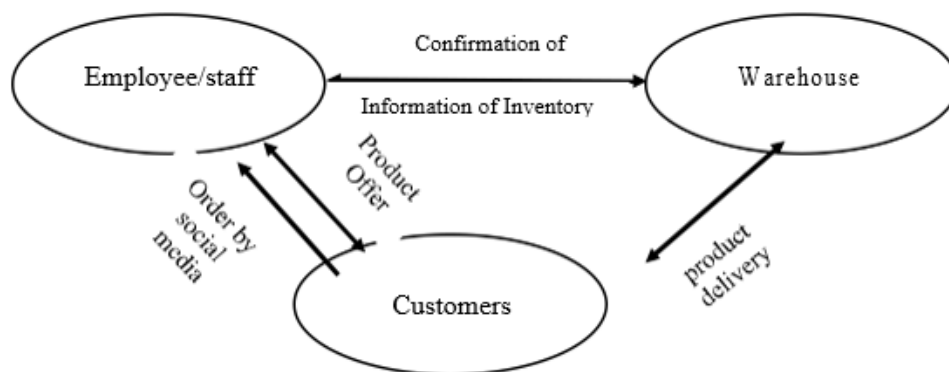


Fig. 2. Marketing Strategy Model

In this strategy the non-sales employees in internal marketing are aligned with an external / conventional marketing program that uses the same concepts and elements and the same process. The difference between employees in internal marketing is not directly related to the physical product. Orders staged by employees are reported to the warehouse to check product availability. The product status is invited will be informed to consumers to make a product purchase agreement. The purchase process is then processed as is done in external marketing until a purchase invoice is issued, the process shown in figure 2.

Because the loss of several types of costs in this strategy affects the product pricing, so the product prices in this strategy will be much lower than the product prices in external marketing activities. With this price, consumers can consider the product to buy the product.

For product delivery activities in this strategy is carried out by the warehouse which is processed using public shipping services on the grounds to save on the use of company facilities. Product shipping costs are charged to customers who are included in the price of the product. This can influence the psychology of customers by assuming that the costs they incur are only purchasing product marks there are other costs. The advantage of this strategy is that it can maintain closeness with customers to be used as loyal customers.

Further, table 1 presents the performance of activities according to the two performance indicators of implementing this strategy.

The impact of implementing this strategy in table 1 shows that activities that have been using high costs in the formal external marketing function, such as promotion costs, delivery costs and sales wages, can be reduced or even completely eliminated. The closeness made between employees and consumers will facilitate interaction and communication so that it will optimize customer care activities and can increase consumer confidence in the products offered.

Table 1
Marketing Performance and Performances Indicators

Number	Activity Performance	Indicator	
		Effectiveness	Efficiency
1	Promotion Cost		▲
2	Delivery Cost		▲
3	Sales wages	▲	
4	Customer Prospect	▲	
5	Interaction with customers	▲	
6	Marketing Facilities	▲	
7	New Customers target search	▲	
8	Expanding target market	▲	
9	Customers feedback	▲	
10	Product Information	▲	

6. Conclusion

This strategy uses a combination of internal marketing and external marketing approaches. The most important thing in this strategy is to optimize the function of employees by involving them in marketing activities. Making a closer relationship with consumers is the key to success of this strategy. Social media is one of the most effective means to create a close relationship between marketers and consumers. Target consumers are all the friends that are on their social media accounts. The achievement of this strategy is expected to improve the performance of Promotion Cost, Delivery Cost, Sales wages, Customer Prospect, Interaction with, Marketing Facilities, New Customers targets, Expanding target market, Customer feedback and Product Information.

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