

E-Commerce as Small and Medium Enterprise's Marketing Strategy on Pandemic Covid-19 Case Study on Local SME's in Kelurahan Kapasa, Makassar

Jerliyen Pramita Londong¹, Esther Tamallo², Mira Bandhaso³
{jerlin_londong@ukipaulus.ac.id}

Universitas Kristen Indonesia Paulus, Makassar

Abstract. This study discusses SME's Marketing Strategy during pandemic covid-19 in Kelurahan Kapasa Makassar, South Sulawesi, Indonesia. Due to pandemic covid-19 most of SME's are in fragile. This paper aims to explore on how the SME's in Kelurahan Tamalanrea utilize E-commerce Strategy to intensify their profit. By implementing eight key elements of a business models such as Market Opportunity; Value Proposition; Revenue Model; Competitive Advantage; Competitive Environment; Market Strategy; Organizational Development; Management Team, this research involves ten participants who using digital tools as payment method or orders. And the result shows most of SME's have been successful to increase or persist in difficult situations on their SME's during Pandemic Covid-19 era.

Keywords: SME's; E-commerce; Business model; Pandemic Covid-19

1 Introduction

People has been suffering of pandemic outbreaks[1]. It is difficult to estimate its long-term effect. Economic, behavioral, or societal are suffer of outbreaks. Behavioral changes, while using face masks people are expected to be able to keep the distance on others. Work from home become one of the behavioral changes, school activity shifts their method reincarnate into home schooling.

On a societal level, are completely not all ready for this large scale of pandemic situation[1]. People rely on the important product (food, energy, and medical). Our societal are more open than ever, many countries work together on importing whether in terms of food, energy and medical equipment. On the economic side, the sudden drops in both demand and supply were the first impact of this outbreaks[2]. In order to control the pandemic, businesses were widespread shutdowns. It has caused a decline in supply and at the same time demand were decline upon on the reduction in consumption and investment.

Many an organization struggling for survival[2]. It pushes some organization to look for another alternative strategic way. Small medium enterprises is one of the affected organization. Data shows 1654 SME's in Makassar affected the outbreaks[3]. Focus this research on Ten SME's in Kelurahan Kapasa, Makassar South Sulawesi who have run business through digital application. Using eight key elements of a business models this research tries to analyze how

the local business in Kelurahan Kapasa survive during the Covid-19 outbreaks. Which of the features do they implement well, and which of the features does not implement well?

2 Research Methods

This paper will use qualitative approach that contains information about phenomenon explored in the field. This research is concerned on how people think and act in their everyday lives during the outbreaks[4]. Using eight key element businesses such as Value proposition; revenue model; market opportunity; competitive environment advantage; market strategy; organizational development; and management team[5].

This research applying three methods such as participant observation for collecting data on occurring in their usual business; in-depth interview for collecting data on their business histories and experiences; focus groups for emerging data during interview. Using note, audio or video recordings and transcripts as an collecting tools data[6]. Research objects consist of ten different type of business choosing by snowball sampling technique.

3 Results and Discussion

A business model is referred to as business processes or a set of planned activities[5]. A business plan is a center for the business model and for the business model as a document that describes a firm's. An e-commerce business models aims to use and utilize the unique qualities of the web, internet, and the mobile platform.

Table 1. Key Elements of Business Model

Key Elements of Business Model		
Components	Key Questions	Result
Value Proposition	successful e-commerce value propositions include personalization and customization of product offerings, reduction of product search costs, reduction of price discovery costs, and facilitation of transactions by managing product delivery	food store X: <ul style="list-style-type: none"> • worth it to buy • varied menu • value of money • slow respon baverage store X: <ul style="list-style-type: none"> • good pacaking • freshness drinks • unique menu • expensive to buy workshop service X: <ul style="list-style-type: none"> • home care service • reliable • satisfactory service drug store X: <ul style="list-style-type: none"> • order by app • fast respon
Revenue model	➤ advertising revenue model, a company that offers content, services, and/or products also	Stationery store X: <ul style="list-style-type: none"> • less item to buy

	<p>provides a forum for advertisements and receives fees from advertisers.</p> <ul style="list-style-type: none"> ➤ subscription revenue model, a company that offers content or services charges a subscription fee for access to some or all of its offerings ➤ a freemium strategy, the companies give away a certain level of product or services for free, but then charge a subscription fee for premium levels of the product or service 	<ul style="list-style-type: none"> • the price is quite expensive • strategic location <p>Food store Y:</p> <ul style="list-style-type: none"> • offer discount • cash back only for snack • place is not enough (less spacious) <p>café X:</p> <ul style="list-style-type: none"> • good product promotion • less of parking area • quite expensive
Market opportunity	<p>refers to the company's intended marketspace (i.e., an area of actual or potential commercial value) and the overall potential financial opportunities available to the firm in that marketspace. The market opportunity is usually divided into smaller market niches</p>	<p>Saloon X:</p> <ul style="list-style-type: none"> • strategic location • worth it • customer get discount <p>guest house:</p> <ul style="list-style-type: none"> • complit facilities • lot of parking area • strategic location <p>bording house:</p> <ul style="list-style-type: none"> • less of parking area • small room size • only ready for workers
Competitive advantage	<p>refers to the other companies operating in the same market space selling similar products</p>	<p>Café X:</p> <ul style="list-style-type: none"> • does not have main course than a competitor • no varied menu
Market strategy	<p>How do you plan to promote your products or services to attract your target audience?</p>	<p>Bording house:</p> <ul style="list-style-type: none"> • offer discount • promotion on special app for bording house (kool kost,etc) <p>food store X:</p> <ul style="list-style-type: none"> • promo using app • delivery free
Organizational development	<p>What types of organizational structures within the firm are necessary to carry out the business plan?</p>	<p>Café X:</p> <ul style="list-style-type: none"> • barista are qualified • waiter has got training <p>drugstore:</p> <ul style="list-style-type: none"> • pharmacist are qualified

Management team	What kinds of experiences and background are important for the company's leaders to have?	food store X: <ul style="list-style-type: none"> • good at hire employee • a good leader saloon X: <ul style="list-style-type: none"> • owner are sertificate • employee has got training
-----------------	---	---

Source : Laudon (2017)

The outbreaks that suddenly attacked society made people unprepared. Especially SME's business. Lack of understanding of how to run a business makes many of entrepreneurs out of business. They force to find another way so that the business could survive. Data on table 3.1 shows that participants are learned to understand another strategic for their business in order to make sure their business could survive. There are few performances need to be fixed in order to advance their business.

4 Conclusion

The outbreaks force business to look for another strategic plan so that they can run their business and be sustainable. The result of this study identified all the participants implement eight key business models well. There are a few of result does not implement well. Run business in this outbreak's situation is a difficult thing to do. Many businesses have to stop their business. Lack of business knowledge, lack of capital, only a few customers, and other problem that force them to stop. Out participants research try to use another path only to run their business. Need more improvement for their business followed by eight key business models, hence the business can operate well and be sustainable.

References

- [1] N. Donthu and A. Gustafsson, "Effects of COVID-19 on business and research," *J. Bus. Res.*, vol. 117, no. June, pp. 284–289, 2020, doi: 10.1016/j.jbusres.2020.06.008.
- [2] P. Seetharaman, "Business models shifts: Impact of Covid-19," *Int. J. Inf. Manage.*, vol. 54, no. June, pp. 1–4, 2020, doi: 10.1016/j.ijinfomgt.2020.102173.
- [3] Verawaty and A. Lutfi, "Peran kewirausahaan sosial terhadap pengembangan usaha sektor UMKM saat kondisi pandemi Covid-19 di Makasar," *Ilmu Ekon.*, vol. 3, no. 2, pp. 200–205, 2020.
- [4] G. R. D. King, *Creswell's Appreciation of Arabian Architecture*, vol. 8. 1991.
- [5] K. C. Laudon, *E-commerce 2017: business, technology, society*. 2017.
- [6] B. C. Farr, "Designing Qualitative Research," *Transform. An Int. J. Holist. Mission Stud.*, vol. 25, no. 2–3, pp. 165–166, 2008, doi: 10.1177/026537880802500310.