

Internet Marketing as a Business Necessity

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Abstract- The study investigated the importance of internet marketing and how it impacts the small and medium sized enterprises in Indonesia. The SMEs were hugely affected by the Covid 19 outbreak, and thus, various initiatives and strategies were undertaken to improve the performance. Although, various sales methods including physical stores, traditional methods, resellers and social media were used, there was a decline in both offline and online sales. Thus, LIPI implemented some short-term measures and initiatives to influence the online platforms to improve its collaboration with the SMEs. The social media platforms enabled the SMEs to reach the targeted audiences quite comprehensively while the use of internet technologies also helped in leveraging the potential of the broader market. Based on survey conducted involving 40 respondents, there was a positive link between use of digital marketing and knowledge of Information technology and the performance of the SMEs. Facebook was found to be the most effective social media platform for marketing, as it allowed the SMEs to make use of these innovative technologies and carry out the operations even during the pandemic situation. Moreover, with the mobile devices accounting for more than 55% of the share in the global market, the use of digital marketing tactics involving the use of social networks and website could be a major aspect for the

II. SALES METHOD

In response to the pandemic's disruptive effects, various initiatives have been undertaken to ensure the continuity of SMEs, including efforts by the Indonesian Institute of Sciences (LIPI). In May 2020, LIPI conducted a survey titled "Impact of the COVID-19 Pandemic on the Performance of Indonesian

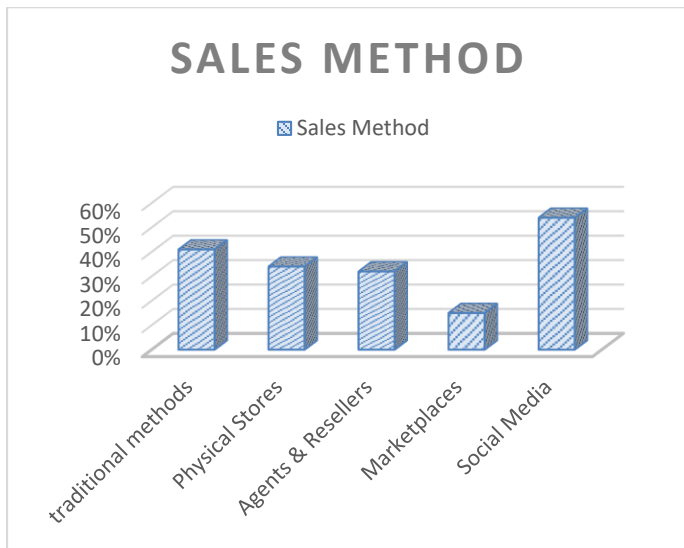
business to succeed, both locally and globally. Thus, the digital marketing has been considered to be effective for dissemination of real-time information and improving the marketing campaigns, which increased awareness among people, and influenced buying behaviors. Furthermore, it allowed the SMEs to leverage the technologies effectively and improve the operational efficiency too.

Keywords- Internet marketing, business, Sales, Performance, quality, technology, social media, SME.etc.etc

I. INTRODUCTION

Over a few years, sales methods, consumer buying behavior, and sales platforms have drastically changed. Thanks to the Covid-19 pandemic. The COVID-19 pandemic has persisted for nearly two years, significantly impacting the sustainability of Small and Medium-sized Enterprises (SMEs). SMEs play a vital role in the Indonesian economy, serving as the primary source of employment. These enterprises demonstrated resilience during past economic crises and are now facing the challenge of surviving the pandemic.

SMEs: Rapid Impact Survey" to assess the pandemic's impact on SME sustainability and identify strategies to revive their performance. Among the aspects investigated were the sales methods employed by SMEs (Mason, Narcum and Mason 2021).



The survey revealed several sales methods employed by SMEs, including traditional methods (41%), physical stores (34%), agents or resellers (32%), marketplaces (15%), and social media (54%). However, these sales methods experienced a significant decline, with an overall decrease of 94.69%. Physical sales methods decreased by 47.44%, online sales by 40.17%, and combined physical and online strategies by 39.41% (LIPI, 2021).

In response to these challenges, LIPI initiated short-term measures to encourage online platforms to expand their collaborations with SMEs. Additionally, they hope to foster cooperation between regional governments and research institutions to enhance the quality and competitiveness of SME products (Obednikovska et al. 2019).

The rapid advancement of technology has spurred small businesses to adopt digital strategies to remain competitive. Among these strategies, the use of social media for marketing products and services stands out. Leveraging social media is expected to boost sales, particularly for small and medium-sized businesses. Digital marketing, in general, has gained widespread popularity due to its ability to facilitate real-time communication and transactions on a global scale (Bondarenko et al. 2019).

Social media platforms allow SMEs to reach their target audience effectively (Lucyantoro & Rachmansyah, 2017;

Nugraha, 2017). Effective marketing communication relies on a well-rounded promotional mix, in which digital marketing plays a crucial role. Online marketing is particularly suited for new businesses offering increased efficiency and effectiveness (Yoga & Nurmahdi, 2018).

Information Technology (IT) has witnessed rapid growth, enhancing data processing capabilities and the quality of information. IT streamlines data acquisition, management, and manipulation, offering greater efficiency and effectiveness. Utilizing internet technology allows SMEs to tap into broad market potential and explore profitable new opportunities. Technological advancements have simplified various business activities, including accessing up-to-date information. Technology now plays a pivotal role in enhancing SME performance and overcoming challenges in producing high-quality goods (Olson et al. 2021).

Product innovation is a crucial determinant of business performance, and technological advancements often drive product innovation. Entrepreneurs are expected to innovate and adapt to remain competitive. However, many entrepreneurs need help, such as limited technological expertise and an aversion to integrating technology into their business processes. Consequently, this study investigates the influence of digital marketing and IT understanding on SME performance (Dumitriu et al. 2019).

III. HYPOTHESIS

H1: Digital marketing has a positive effect on the financial performance of SMEs.

H2: Knowledge of information technology has a positive effect on the financial performance of SMEs.

IV. RESEARCH METHOD

This research follows a quantitative approach, collecting primary data through questionnaires distributed to SMEs from 40 respondents.

The study aims to assess the impact of digital marketing and the knowledge of information technology on SME performance. The dependent variable is the financial performance of SMEs, measured through the benefits derived from using information technology in business operations. The independent variables encompass digital marketing, measured by knowledge and utilization, and knowledge of information technology, measured by factors like information system quality, government support, intensity of use, perceived usefulness, and self-confidence in capabilities (Thaha et al. 2021). Before regression analysis, data validity and reliability tests were conducted to ensure data quality.

V. FINDINGS AND DISCUSSION

The study collected primary data through questionnaires distributed to 40 SMEs. Validity and reliability tests confirmed the data's quality, allowing for regression analysis. According to a survey, the two most essential skills are 45% internet advertising through social media platforms, search engines, and 42% content curation. One must recognize that when it comes to internet marketing strategy, one needs to be smart about where they invest their time and energy. The key to internet marketing success is "to be where your consumers are."

Study reveals that Facebook is the most popular of the platforms, used by 89% of B2B and B2C marketers worldwide, with roughly 2.98 billion users worldwide. It is also reported that 63%

of organic searches on Google in the second quarter of 2021 came from mobile devices. Mobile devices accounted for 55% of the global market share, and desktop had 42%. (Source: <https://thesocialshepherd.com/blog/digital-marketing-statistics>)

Digital marketing has gained popularity in SMEs due to technological advancements. With growing internet users, digital marketing offers several advantages, including website usage, social media platforms, affiliate marketing, and email marketing. It enables SMEs to reach a global customer base, plan advertising campaigns efficiently, and reduce costs compared to traditional marketing methods (Djakasaputra et al. 2021). Digital marketing represents an innovative practice adopted by SMEs to maintain their viability during the COVID-19 pandemic. Innovation involves using new technologies or management practices to achieve targeted operational improvements. Research suggests that innovation positively affects business performance globally. SMEs have turned to digital technology to sustain their operations during the pandemic (Guo et al., 2020). Consequently, innovation is vital for achieving sales and profit growth targets (Sabihaini & Prasetyo, 2020).

VI. CONCLUSION

The COVID-19 pandemic has profoundly impacted consumer behavior and competitive landscapes, necessitating adaptations by SMEs. With increased reliance on digital technology due to pandemic-induced restrictions, SMEs must innovate product and service offerings and explore opportunities for social entrepreneurship.

Digital marketing, a rapidly evolving strategy, offers advantages such as real-time information dissemination and enhanced campaign evaluation. Digitalization, driven by the increased use of social media for SME product marketing, significantly influences sales turnover. However, SME actors often need more comprehensive knowledge of technology and online marketing, highlighting the need for training and support to harness digitalization's potential fully.

This study emphasizes the importance of digital marketing and information technology knowledge in SME performance. The

results indicate that digital marketing positively affects financial performance, and knowledge of information technology also has a positive impact.

In conclusion, the COVID-19 pandemic has accelerated SMEs' adoption of digital strategies. Digital marketing and IT understanding are crucial for SMEs' financial performance. Continued research and support are essential for SMEs to leverage technology effectively and enhance their operations.

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