

# ANALYSIS OF BENEFITS ON USING THE MARKETPLACE FOR VILLAGE MSMES

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**Abstract**—In an effort to spur the development and growth of small business actors or MSMEs, a certain method is needed to increase their products sales. One of the efforts that have made is utilizing digital media which has been rapidly develop online by many business actors. The problem that arises is how to use the digital media such as marketplace as the most effective tool in order to increase marketing activities since some MSMEs actors still do not able to use marketplace for doing business. This research is done to prove the effectiveness of digital marketing media in the form of a marketplace for small business people in Jati Indah Village, South Lampung, who are directly involved with online marketing. The method was qualitative method and have done by interview approaches to some SME actors in Jati Indah Village. By the datas that acquired from interview, the analysis on the problem was done as well as the step in finding the solution on how to achieve the success in using digital media namely marketplace. Through this research, it is expected that small businesses can choose wisely and effectively the use of digital media namely marketplace in their marketing activities so the sell of their product will increase.

**Keywords**—Marketplace, small business, digital marketing

## I. INTRODUCTION

The use of digital information and communication technology is rising very rapid. With its various conveniences, the use of internet seems like a basic need for humans. The development of the internet in Indonesia is increasingly massive and is marked by an increase in internet users every year. Moreover since the pandemic occurred.

Based on data from the Asosiasi Pengguna Jasa Internet Indonesia (APJII) through a survey that began in 2014 regarding the "Profil Pengguna Internet Indonesia/Profile of

Indonesian Internet Users" and 2 years later in 2016 regarding "Penetrasi dan Perilaku Pengguna Internet", the rise of internet users in Indonesia is very significant from year to year [1].

Indonesia's internet usage penetration has increased by 16.8% from 2014 to 51.7% in 2016. Increasing internet users have an impact on the development of e-commerce in Indonesia, especially online buying and selling forums. E-Commerce is the process of buying and selling services and goods electronically with computerized business transactions using the internet, networks, and other digital technologies [2].



Fig 1. Online shopping activities in Indonesia in 2020. (source: grahanurdian)

It is undeniable that online shopping is chosen by consumers to get the desired product without taking up a lot of time and effort. The convenience of online shopping is also supported by competitive product prices and good quality.

Nowadays, e-commerce is used to face business to business, business to consumer and consumer to consumers economic activities (Onno W. Purbo & Wahyudi, Aang). Marketplace as a platform of e-commerce, provide a space for individuals to sell their goods or services to other individuals, as well as for organizations or companies that act as consumers. And all these activities are facilitated by the internet.

The MSMEs actors must be competent to use internet, because it plays an important role in economic growth both in fulfilling consumer's needs and creating jobs. The Law of Republic Indonesia Number 11 of 2020 namely Job Creation Law provides convenience for MSMEs in access to financing, market access, business development access, licensing access and supply chain access.

These facilities are listed in Articles 89, 94, and 95 namely access to business development, Article 90 for supply chain access, Articles 90, 103 and 104 for market access, Article 91 in terms of access to ease of licensing, and Articles 92 and 102 in access to financing<sup>1</sup>.

Meanwhile, the guarantee for MSMEs related to the absorption of labor is stated in Articles 86, 90 and 91, where this Law provides convenience in doing business so that it is expected to absorb labor, as well as the convenience of maximizing the potential of local start-ups<sup>2</sup>.

In terms of upgrading these marketing activities, MSMEs should be more empowered to keep up with the demands of technological adjustment. Marketing in the digital era has become runs fast by the usage of the marketplace.

Moreover since the Covid-19 pandemic occurred, the existence of a digital platform has responded to consumer demands, by its regulations that require consumers just stay at home and keep their distance. On the other hand, MSMEs have to be more aware to adjust by the trend of consumer switching to digital shopping.

But when serving product orders by customers, some SMEs are still having problems in their business. For instance, buyers who want to order products must call or meet face-to-face. These MSMEs have not developed their products through online facilities to the fullest.

In fact, by utilizing internet, marketing reach can be wider and buyers will find it easier to find chip products. In addition, marketplace that provide by e-commerce with internet technology can help in ordering and payment process. So it is expected to help increase the turnover of MSMEs.

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<sup>1</sup> Law of Republic Indonesia Number 11 year 2020 concerning Job Creation (UU Cipta Kerja).

<sup>2</sup> Law of Republic Indonesia Number 11 year 2020 concerning Job Creation (UU Cipta Kerja).

Marketplace E-commerce is an electronic marketing platform that brings together many sellers and buyers to do transaction each other [3]. Sellers do not need to bother when setting up a shop if they want to sell online because the marketplace already provides a place to online sell. Only registration is required to start selling. All processes are facilitated by the marketplace team.

Sellers only need to improve services and promotions. The possibility of the product being sold more because in the online place there are many sellers and buyers.

As one of the business actors, MSMEs play an important role in economic turnover activities. However, the problems faced by MSMEs in general are the shift in the trend of business activities from conventional (offline method) to digital (online one), the number of MSME players who use digital marketing is not that many and MSME actors do not understand how to do digital marketing by utilizing the marketplace.

Based on the analysis of the problem, the purpose of the study is to analyze the importance of utilizing a web-based marketplace by MSME actors. In this study, the researchers limited the scope of the research to only SMEs in Jati Indah Village, Tanjung Bintang, South Lampung.

MSME actors in Jati Indah Village have not utilized digital facilities in their business activities. As a result of running a conventional business, Jati Indah Village MSME products cannot penetrate outside the village. The problem faced by MSMEs in Jati Indah Village is the lack of knowledge about digital marketing.

The problems that found in this research are:

1. What are the obstacles that faced by MSME actors so that they do not taken advantage of digital marketing?

2. What advantages can MSME actors get by utilizing the marketplace in their business?

And based on these problems, the objectives of this research are:

1. Knowing the benefits of a web-based marketplace for MSMEs.

2. Increase the understanding of MSME actors about digital marketing.

3. MSME actors can take advantage of digital facilities so as to expand market reach.

This research uses a qualitative research with a descriptive research and tends to use an inductive approach to analysis. Qualitative research is research that does not use statistics but through data collection, analysis, and then interpretation [4].

To collect the required data, researcher take the following steps:

1) Observation, namely visiting or observing the problems that exist in each MSME.

2) Interviews, namely conducting interviews with related business actors to fulfill the data needed in research.

Researchers went directly to MSMEs location in Jati Indah Village. Due to the limitations of this research, the SMEs that is studied were only the Vimaza that engaged in the culinary business, namely chips. The interview material about the insights of business actors related to information technology, e-commerce, and marketplaces in Indonesia.

## II. LITERATURE REVIEW

The existence of digital technology has changed many aspects of business and market activities. In the trading business for example, technological advances have given birth to a transaction method known as e-commerce (electronic commerce).

E-commerce is a transaction of buying and selling products, services and information between business partners through a computer network, namely the internet. The Internet is "a global network of computer networks" or a very large computer network formed from small networks that exist around the world that are interconnected with each other. One of the functions of the internet is as the main infrastructure of e-commerce.

In general, E-commerce is a dynamic set of technologies, applications, and business processes that link enterprises, consumers, and communities through electronic transactions and electronic exchange of goods, services, and information [5].

E-commerce is a dynamic set of application technologies and business processes that connect companies, consumers and certain communities through electronic transactions. Currently, e-commerce is applied to carry out business-to-business, business-to-consumer and consumer-to-consumer economic activities [6].

Business-to-Consumer (B2C) e-commerce is the most common type of e-commerce. This type of online business reaches individual consumers. B2C e-commerce includes purchasing retail goods, travel, online content and other types of services [7]. This type of B2C e-commerce has grown exponentially since 1995, and is the type of e-commerce most frequently encountered by consumers [5].

Business-to-Business (B2B) e-commerce, is the largest type of e-commerce that focuses on selling to other businesses [8]. B2B type e-commerce transaction processes involve companies or organizations that can act as buyers or sellers. There are two main business models used in B2B e-commerce: net marketplaces, which include e-distributors, e-procurement companies, exchanges and industrial consortia [5].

Consumer-to-Consumer (C2C) e-commerce, is a type that provides a medium for consumers to sell to each other, with the help of online market makers (also called platform providers) [5]. In C2C e-commerce, individuals sell their goods or services to individuals, organizations or companies that act as consumers via the internet [9].

## III. RESULTS AND DISCUSSION

MSMEs must be able to manage both internal and external factors in their business environment to grow and develop. One of the external factors that requires knowledge

and management skills is product marketing. Moreover, in general, MSME businesses prioritize marketing activities because they determine business growth.

In increasing these marketing activities, MSMEs must be able to keep up with the demands of technological disruption. Marketing in the digital era has become so massive with the use of the marketplace [10]. Based on the Katadata Insight Center (KIC) survey conducted on 392 MSMEs in a number of cities in Indonesia, namely Jabodetabek, Bandung, Semarang, Surabaya, Yogyakarta and Medan in the period March 24 to April 9, 2021, it was found that 82 percent of MSME respondents used Shopee as a place to sell. and market products online [11].

According to the Katadata Insight Center Survey entitled "MSME Study Report 2021: The Role of Marketplaces for MSMEs", the marketplace in Indonesia in general has provided various benefits for MSMEs, namely expanding business networks by 72 percent, facilitating interaction with customers online by 65 percent to facilitating exports by 19 percent. In addition, for promo programs, such as free shipping, cash back and discounts to increase purchases [12].

As many as 89 percent of Shopee's MSME users feel this. Followed by 45 percent of Tokopedia users, 17 percent of Lazada users, 11 percent of Bukalapak users, and 12 percent of Blibli users [13].

Meanwhile, in terms of helping to market products or stores well, 85 percent of MSMEs that use Shopee feel these benefits, 53 percent of MSMEs that use Tokopedia, 33 percent of Lazada users of MSMEs, 17 percent of MSMEs using Bukalapak and 12 percent of MSMEs using Blibli Survey [14].

During the Covid-19 pandemic, the presence of a digital platform has responded to consumer demands, with regulations that require consumers not to travel a lot and stay at home and keep their distance. On the other hand, MSMEs are aware of the trend of consumer switching to digital shopping.

However, SMEs Vimaza Jati Indah Village are still having problems in their business. When serving product orders by customers, for example, buyers who want to order products must call or meet face-to-face. These MSMEs have not developed their products through online facilities to the fullest.

In fact, by utilizing e-commerce, marketing reach can be wider and buyers will find it easier to find chip products [15]. In addition, the ordering and payment process can also be done with the features in the e-commerce marketplace. So it is expected to help increase the turnover of MSMEs.

By the use of marketplace e-commerce, the products offered can be displayed in an attractive manner as well. The product displays in the marketplace can be varied, such as photos, captions, infographics, and animations that are attractive and eye catching. Products photos can be taken using all types of cameras, from smartphone cameras to DSLR cameras.

The selected product photos can be taken up to the conditions of MSME actors where the most important thing is that the product photos have to be clear and interesting. The other thing to be noticed is the way to sell the products,

how to receive orders, about the payment methods, shipping methods, and customer services. All of these activities are facilitated by the marketplace, and making it easier for MSME actors to take advantage of marketplace.

Marketplace plays a role in providing complete education to MSMEs on how to sell online (55%) so as to help sell MSME products to the realm of export. No less important, the Covid-19 pandemic has made the marketplace play a major role in helping MSME businesses survive.

The benefits obtained by MSMEs by using the marketplace as a means of marketing their products are:

1. Expand the market.

By using the marketplace, MSMEs or entrepreneurs can expand their market so that they can enter the national or even international market, so that MSMEs can reach many customers anywhere and anytime.

2. Reducing telecommunications costs as well as transaction time and product acceptance.

3. Consumers can view products, specifications and other information through the internet, especially the marketplace, so they don't have to bother going to the seller.

4. Increase branding and prestige, both in the eyes of consumers and competitors. Of course this is also if the service provided is also very excellent, because with the internet media, information can be disseminated massively and quickly.

The benefits that MSMEs can take are simply like its shown on the following Table 1.

Tabel 1. Benefit Of Marketplace For Digital Marketing to SMEs

No.	Benefit	Description
1	To expand the market	MSMEs or entrepreneurs can expand their market so that they can enter the national or even international market, so that MSMEs can reach many customers anywhere and anytime.
2	Reducing telecommunications costs	Reducing telecommunications costs as well as transaction time and product acceptance
3	Ease Products Display	Consumers can view products, specifications and other information through the internet, especially the marketplace, so they don't have to bother going to the seller.
4	Product Branding	Increase branding and prestige, both in the eyes of consumers and competitors. Of course this is also if the service provided is also very excellent, because with the internet media, information can be disseminated massively and quickly.

The significant differences from the marketing efforts of MSME products without the use of a marketplace and with a marketplace are, the expansion of market share, the addition of the number of customers, the emphasis on operational costs and consumer interest in ordering and paying for products purchased from MSMEs with a marketplace [16].

By using the marketplace, MSME Vimaza has expanded its product market, reduced costs, and increased product branding. This can be seen from the illustration of the display of MSME products on the marketplace, where

MSMEs are still beginners in the marketplace.

From this research, the researchers conclude that the usage of marketplace by MSMEs actors in Lampung will increase the benefit such as product sell and can improve the engagement of the products as well as the village where the MSME are.

So, by the empowerment of MSME's digital marketing skill that using the marketplace, the existence of MSME and its village can be more valued and able to go digital as the technology ask to do so.

IV. CONCLUSIONS AND SUGGESTION

The existence of a marketplace has a role and contribution to the activities of MSME actors in Jati Indah Village, Tanjung Bintang, South Lampung in marketing, selling and promoting efforts.

In order to increase SME sales, apart from offline (non-online sales), MSME actors in Jati Indah Village should take advantage of the marketplace as a partner in marketing and sales activities.

So that in the future there will be more small business actors in this village who use the marketplace in marketing their products. This is very helpful for MSME efforts to increase online sales in an effort to increase market share.

This is a good reality for small business actors who have products that are potentially acceptable to consumers, sold using the marketplace.

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