5-4-2018

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Recommended Citation
DOI: 10.20476/jbb.v24i1.9465
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The Mapping of Internet Marketing Potential for SMEs Working on Indonesian Traditional Fabrics

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Abstract. Due to their rapid development, technology and internet are widely used in business, particularly for marketing. Internet marketing generates numerous benefits. This study illustrates and analyzes the potential of internet marketing for Small and Medium enterprises (SMEs) working on Indonesian traditional fabrics in three regions: Palembang, Solo, and Banjarmasin. The study focuses on the extent to which SMEs working on traditional fabrics in these districts apply internet marketing, mapping the potential, and providing recommendations related to a better preparation of internet marketing for SMEs to tackle competition on a global level. This study applies post-positivist paradigm by using qualitative methods. The data are collected through in-depth interviews with SMEs and the governments in the three regions. To analyze the internet marketing applied by SMEs working on traditional fabrics, this study applies the theory of Kotler and Armstrong (2012) whose indicators are: creating/designing an effective website, carrying out online promotion, creating/participating in marketing and web community, and using email. The findings can be categorized into technical and non-technical findings. Technical findings show that SMEs in these cities have not applied internet marketing or online marketing optimally. Several SMEs in Solo already have social media and websites but the majority of SMEs in two other cities simply use social media (Instagram and Facebook), BBM, and WhatsApp as media for promotion. Non-technical findings show several important elements to develop in order to achieve successful internet marketing in SMEs, namely human resources, the role of associations, the role of the government, and the value of traditional fabrics.

Keywords: internet marketing, social media, small and medium enterprises, Indonesian traditional fabrics

INTRODUCTION

In its development, internet has been used widely in various fields. In the field of business, internet has been commonly used for marketing. Internet usage in the world of marketing brings new alterations compared to traditional/conventional marketing. Prior to the rapid development of internet, marketers rely on traditional marketing. In traditional marketing, sellers and buyers meet in person physically, showrooms or stores (product display at stores) are required, promotional costs are relatively expensive, and customers are not capable to choose and compare goods directly. In current modern times, marketing has shifted. The shift is marked with an offer of benefits of internet marketing. The benefits are to connect producers with customers directly, reduce the costs of intermediaries so that the prices of products are less expensive, and generate interactive communication between producers and customers (in promotion) (Eid and Trueman, 2002). Shopping via internet also provides convenience because it doesn’t have time limit and provides facility in ordering, payment and delivery, and two-way communication with customers (Yazdanifard et al., 2011).
Internet marketing can be explained from the scope of its existence. Electronic marketing (e-marketing) is derived from the perspective of e-commerce (Electronic Commerce). From an online perspective, Kalakota and Whinston (1997) state that e-commerce provides the ability to sell and buy products and information through internet and other online networks. In further development, e-commerce provides an opportunity for the emergence of e-marketing, e-purchasing, e-finance, and e-service. The development of e-commerce marks a new era where marketing can be carried out physically and virtually with broader marketing reach and more efficient time.

Electronic marketing, also known as digital marketing, web marketing, online marketing or internet marketing (i-marketing), is the means used to introduce products/services via internet as well as a new means of global marketing to reach the worldwide market (Yazdanifard et al., 2011). Furthermore, Chaffey et al. (2000) define e-marketing as the application of internet and digital technology to achieve marketing objectives. Technologies such as internet, cables, satellite, hardware, and software are required for reaching the goals of internet marketing.

Kotler and Armstrong (2012) define internet marketing with the term of online marketing, namely the efforts of companies to market their products and services and build customer relationships through internet.

Furthermore, the areas of online marketing can be grouped into four (Kotler and Armstrong, 2012), namely: (1) Business to Customer (B2C), selling goods and services online to end users; (2) Business to Business (B2B), using B2B websites, email, online product catalog, online trade networks and other online resources to reach new business customers; (3) Customer to Customer (C2C), an online exchange of goods and information among end users; (4) Customer to Business (C2B), an online exchange where customers seek sellers, learn about deals, initiate the purchase and sometimes drive the terms of the transaction.

The application of online marketing is designed by paying attention to the following matters (Kotler and Armstrong, 2012): (1) Creating a website and designing an effective website, (2) Carrying out online promotion (3) Creating or participating in a community web, and (4) Using email. Those four points are used in an integrated manner. A website is not only designed as interesting as possible but should contain product information as detailed as possible as well to introduce the products properly to customers. A website also contains the philosophy of the company, the address of the company, manufacture of products, distributor, and secure payment method. In terms of function, website is used to connect the companies or products to customers as well as to ask questions and share experiences related to products of interest among customers.

A website plays an important role in applying online marketing. A website should be designed attractively to create web traffic of visitors in cyberspace and simple steps for transaction. Trust is also an important factor because marketing via internet is vulnerable to fraud (cybercrime) (Newsletter KAP, Syarief Basir and Co).

Internet marketing offers several benefits to the new marketing world because it does not have limitation between producers and customers. Internet marketing can even accelerate global or international marketing. The benefits can be adopted not only by major companies, but also by Micro Small Medium Enterprises (MSMEs). MSMEs are community businesses obtaining special attention from various parties, namely the government, academia, and private sectors. Based on the Law No. 20 of 2008 on Micro, Small and Medium Enterprises, MSMEs aim to grow and develop business in order to build a national economy based on equitable economic democracy. MSMEs contribute to the strengthening and stability of national and regional economy. Based on the AEC Blueprint published by the ASEAN Secretariat (2015), SMEs are the dominant actors in the economy of ASEAN countries. It is evident by the contribution of MSMEs in Indonesia and other ASEAN countries as shown in Table 1:

<table>
<thead>
<tr>
<th>No.</th>
<th>Countries</th>
<th>Contribution of MSMEs to all existing business actors</th>
<th>Contribution of MSMEs to GDP</th>
<th>Contribution of MSMEs to the Employment</th>
<th>Contribution of MSMEs to Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Brunei Darussalam</td>
<td>98.2%</td>
<td>23.0%</td>
<td>58.0%</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>Cambodia</td>
<td>99.8%</td>
<td>-</td>
<td>72.9%</td>
<td>-</td>
</tr>
<tr>
<td>3.</td>
<td>Indonesia</td>
<td>99.9%</td>
<td>58.0%</td>
<td>97.2%</td>
<td>16.4%</td>
</tr>
<tr>
<td>4.</td>
<td>Laos</td>
<td>99.9%</td>
<td>-</td>
<td>81.4%</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>Malaysia</td>
<td>97.3%</td>
<td>32.7%</td>
<td>57.4%</td>
<td>19.0%</td>
</tr>
<tr>
<td>6.</td>
<td>Myanmar</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7.</td>
<td>Philippine</td>
<td>99.6%</td>
<td>36.0%</td>
<td>61.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>8.</td>
<td>Singapore</td>
<td>99.4%</td>
<td>45%</td>
<td>68.0%</td>
<td>-</td>
</tr>
<tr>
<td>9.</td>
<td>Thailand</td>
<td>99.8%</td>
<td>37.0%</td>
<td>76.7%</td>
<td>29.9%</td>
</tr>
<tr>
<td>10.</td>
<td>Vietnam</td>
<td>97.5%</td>
<td>-</td>
<td>51.7%</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SMEs (2014)
Regardless of their contribution in economy, MSMEs in Indonesia have experienced various obstacles and constraints. Several of them are limited capital for business, human resources, and marketing. These constraints should be overcome because the development of SMEs according to ASEAN Policy Blueprint for SME Development (APBSD) 2010-2014 is directed at five goals, namely: (1) Human resource development and capacity building, (2) Enhancement of SME marketing capabilities, (3) Access to finance, (4) Access to technology, and (5) Creation of conducive policy environment (ASEAN Strategic Action Plan for SME Development 2016-2025, 2015).

One of the biggest issues in the development of SMEs in ASEAN countries lies in the policies to encourage technology and technology transfer. Technology becomes an opportunity and challenge for the growth of MSMEs. Information technology can help operational activities of MSMEs, ranging from planning, stock management, finance, to the promotion and sale of products. It is time for MSMEs to be prepared to adopt information technology (Ghobakhloo, 2012) in order to improve marketing ability. The application of information technology (Internet technology) can be adopted by MSMEs, for example in the form of information about new product, maintaining good relations with customers (relationship marketing), and sales promotion through social media. MSMEs can also provide more detailed information to customers via blog and website.

The findings of other studies also show that e-marketing brings a positive influence on the business activities in order to be competitive in global market. However, the strategy of internet marketing should be able to identify and integrate other components such as human resources, information, and technology (Chong et al., 2010). Previous studies also reveal that in carrying out online transactions, trust and quality of the website can increase customer loyalty (Lynch, Robert, and Srini, 2001). It can be concluded that e-marketing can bring progress for business actors and companies if managed properly. In terms of business, SMEs of Indonesia generally market products with local content (Indonesian culture) such as SMEs engaged in culinary, agribusiness, automotive, and fashion. One of the SMEs working in the field of fashion with local content is traditional fabric. Indonesia has a lot of cultural richness in the form of traditional fabrics. Every region in Indonesia has different types of traditional fabrics such as batik, woven fabric, and songket. Batik of Indonesia is officially included in 76 intangible cultural heritages by UNESCO (www.kompas.com, 2009). In addition to batik, Indonesia has other traditional fabrics as cultural heritage that can still be developed and grouped in centers of Sasirangan, embroidery, and woven fabrics (Bank Indonesia, 2015). Each of these traditional fabrics has their distinctive characteristics and local cultural wisdom of each region that should be well preserved.

The obstacles encountered should be addressed properly; particularly those related to capital, marketing, and limited human resources in terms of numbers and skills. As noted previously, the findings of one of the studies state that internet can connect producers directly with customers so that the price of the product becomes less expensive (Eid and Truemman, 2002). Therefore, it can be said that the issue of capital to carry out promotion can be overcome with internet usage.

Internet usage should be optimized by MSMEs as a marketing medium. However, the findings by Gilmore, Damian, Gallagher and Henry (2007) state that internet usage by SMEs does not provide significant influence because it is used as merely an inexpensive promotional media (to move the product catalog online) and not as a medium to develop the image of the company, build relationships, interact actively with customers, and seek new markets. It is in line with the findings of the study by Nir kshetri Dholakia (2004) that 51% of SMEs have websites, but only 15% uses the website to sell products and provide services to customers.

This study will analyze internet marketing applied by SMEs working on Indonesian traditional fabrics, namely SME of woven fabrics in Palembang, SME of Batik in Solo, and SME of Sasirangan fabric in Banjarmasin. This study will identify the potential of applying internet marketing of SMEs in the three regions related to the available resources. It is considered important as a recommendation that internet should be used as a creative medium for marketing world of SMEs in Indonesia.

This study presents analytical findings from three regions of Indonesia (Palembang, Solo, and Banjarmasin), carried out simultaneously in May-November 2016. By carrying out the analysis simultaneously and collecting primary data through in-depth interviews with SMEs and the government representing the respective regions, the study is expected to obtain sufficient information about the differences, potential and constraints in the three regions in applying internet marketing. The findings of this study are expected to provide theoretical and practical significance. Related to practical significance, this study is expected to provide enrichment in the context of SMEs working on traditional fabrics that have their own uniqueness. In general, internet marketing can be applied in many businesses, nevertheless it is necessary to carry out some adjustments related to products, infrastructure/capabilities, and existing cultures in the region. Practical significance of this study is that internet marketing can be applied to help the development of SMEs of fabrics in Indonesia.

RESEARCH METHOD

This study applies post-positivist paradigm by using qualitative methods. This study applies post-positivist paradigm based on the theory of Kotler and Armstrong (2012) to find new perspectives outside the theory. The selection of qualitative method is emphasized on the process of data collection and analysis. Qualitative
The total informants interviewed from each region are as follows: six informants from Palembang, including four informants from SMEs; eight informants from Solo, including five informants from SMEs; and six informants from Banjarmasin, including five informants from SMEs. The informants are requested to provide adequate information related to the preparedness of SMEs and the government in applying internet marketing for traditional fabrics.

In-depth interviews are carried out using operational guidelines for online marketing concept as follows.

Table 2. Operationalization of Online Marketing Concept

<table>
<thead>
<tr>
<th>Concept</th>
<th>Indicators</th>
<th>Indicator Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Marketing</td>
<td>Creating/designing an effective website</td>
<td>The website should contain: context, content, community, customization, communication, connection, and commerce</td>
</tr>
<tr>
<td></td>
<td>Carrying out promotions online</td>
<td>Online advertising is designed attractively by including animations, video, audio, and interaction. Marketers can use content sponsorship (the name of the company is displayed on internet by sponsoring special news/information on various websites) or viral marketing (word-of-mouth marketing on the internet).</td>
</tr>
<tr>
<td></td>
<td>Creating/participating in the web community</td>
<td>Utilizing web forums and blogs allowing the members (customers) to gather and share ideas about their common interests.</td>
</tr>
<tr>
<td></td>
<td>Using email</td>
<td>Business actors offer marketing via email. The offer can be designed creatively by including animated and interactive messages and streaming audio and video.</td>
</tr>
</tbody>
</table>

Source: Kotler and Armstrong (2012)

This study is a descriptive study illustrating the extent of internet marketing applied by SMEs working on traditional fabrics in three regions in Indonesia (Palembang, Solo and Banjarmasin). From this illustration, the potentials are mapped. This study selects three regions in Indonesia, namely Palembang, Solo and Banjarmasin, because these three regions have traditional fabrics, namely tenun (woven) fabrics from Palembang, Batik from Solo, and Sasirangan fabrics from Banjarmasin. Based on the classification by Bank Indonesia, the profile of MSMEs engaged in Indonesian traditional fabrics can be divided into three (3) groups, namely Batik, Tenun, and Sasirangan fabrics (Profile Data of MSMEs, bi.go.id).

In data analysis, this study applies data triangulation strategy, namely the process of crosscheck between data sources. As noted by Irawan (2007), in the process of triangulation, the author can check the data by comparing data sources, methods and theories. Qualitative data analysis is carried out in three stages, namely: (1) data reduction, (2) data presentation, and (3) conclusion or verification (Miles and Huberman, 1984).

RESULT AND DISCUSSION

The findings of the study map the potential of online marketing by the three regions using online marketing concept. The mapping is based on the following criteria:

Table 3. Operationalization of Online Marketing Concept

<table>
<thead>
<tr>
<th>No.</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SMEs carry out online sales</td>
</tr>
<tr>
<td>2</td>
<td>SMEs have website</td>
</tr>
<tr>
<td>3</td>
<td>SMEs have blog/social media</td>
</tr>
<tr>
<td>4</td>
<td>SMEs use email in applying online marketing</td>
</tr>
<tr>
<td>5</td>
<td>SMEs have human resources managing the website/blog/social media/e-mail</td>
</tr>
<tr>
<td>6</td>
<td>SMEs manage or design a website/blog/social media (in relation to time and content of the message)</td>
</tr>
<tr>
<td>7</td>
<td>The Government provides online marketing training</td>
</tr>
<tr>
<td>8</td>
<td>The presence or absence of association involvement of MSMEs in these three regions</td>
</tr>
</tbody>
</table>

Source: data processed by the author (2016)
The followings are the findings of the study related to internet marketing applied by SMEs of Tenun fabrics in Palembang, Batik in Solo, and Sasirangan fabrics in Banjarmasin. First, the findings of the study in Palembang. Songket is one of traditional woven fabrics of Palembang having high artistic taste and reflecting the social status of the wearer. The social status of the wearer is reflected from the patterns, fabrics and prices of Songket. Songket are made by simple looms. Currently, the manufacture is carried out with modern machines because simple looms spend a long production time and considerable cost. This study emphasizes on SMEs of Songket by simple looms.

Despite manufacturing similar Songket, a manufacturer and others commonly have different characteristics, such as motifs, types of fabric, and the quality of thread. Therefore, this woven fabric has varied market share. SMEs of Songket largely market their products in traditional way (offline). The producers have a place of business and store to market their products, so that the customers purchase products by going to the place of business. There are also SMEs that do not have stores and use their residence as the place of business. It is due to the lack of capital or the producers have loyal customers to order exclusively. For those SMEs, offline marketing provides benefits without the needs to apply online or internet marketing because their names have been known by numerous customers from generation to generation. Another factor is SMEs working on traditional fabrics in Palembang are located in several locations where there are many songket artisans. Therefore, it is easier for customers to visit the location directly. One of them is the area of Tuan Kentang as stated by the Head of the Department of Cooperatives and SMEs of Palembang:

"...The location for this type of business cannot be organized. There is a rather 'dirty' area (poor neighborhood), yet it has nice products. There was a plan to reorganize the location, but they refuse because they make a profit there. They carry out their business under wooden houses in the area of Tuan Kentang. Most people from upper middle class of Palembang own their businesses there."

Average artisans carry out Business to Business (B2B) marketing to retailers and Business to Customers (B2C) marketing to end customers because they already have loyal customers. Both B2B and B2C marketing are still carried out offline. A 63-year-old artisan and an actor of SME named Kemas Muhammad Ali carries out his business these ways. After producing the fabrics, he sells them to loyal retailers with a mutual agreement. Sales to customers are carried out offline as well, where customers purchase the products directly at the place of production or by phone for customers living in other cities. Communication via telephone is also carried out to receive complaints from the customers. Customers living in other cities usually recognize the quality of ordered songket fabrics in advance. In this case, the promotion is carried out from word-to-mouth communication, as told by Mr. Kemas Ali: "...Customers from Jakarta have already known the best songket".

Offline Business to Business (B2B) and Business to Customer (B2C) marketing should be carried out online to be more effective. Kotler and Armstrong (2012) state that online Business to Business (B2B) marketing can use B2B website, email, online product catalog, online trade network, and online resources to reach new types of customers, serve customers more effectively, and achieve purchasing efficiency and better price.

SMEs of other woven fabrics carry out offline marketing and promotion through exhibitions organized by the government and private sectors (Bank) and word-to-mouth communication. An SME named “Sentra Tenun Tanjung” uses WhatsApp, BBM, and Instagram merely as tools. WhatsApp and BBM are used to further communicate with customers met earlier in the exhibitions, while Instagram is used as necessary (rarely updated). It is stated in the following interview: "...We do not update even when we are online. The customers are people who have been shopping here previously. We only use WhatsApp to connect with people who have been here and met us at the exhibitions ... We have Instagram, but we do not update."

As a relatively young SME, Sentra Tenun Tanjung understands the usage of social media; but in practice, social media (Instagram) is used as necessary due to the limited time. Limited human resources to manage SME are another factor because marketing is managed by merely one person.

The government of Palembang has provided online marketing training, as stated by the Head of the Department of Cooperatives and SMEs of Palembang: “...We no longer provide technical training because they (SMEs) are better at it. Training is emphasized on financial accounting and information technology about good accounting, online marketing, and online media. Currently, we enforce e-commerce until they can create their own website”. However, SMEs in Palembang have not obtained any information related to online marketing training organized by the Government. The assistance provided by the Government is promotion through exhibitions inside and outside Palembang.

SMEs in Palembang haven’t applied online marketing as stated by Kotler and Armstrong (2012). They do not create a website, carry out online promotion, create a web community, and use email. SMEs only use electronic hardware (phone) as a supporting tool. The owners of SMEs apply internet marketing merely on social media (Instagram). Social media in online marketing should pay attention to content and two-way communication (Kotler and Armstrong, 2012). Therefore, social media should be designed in such a manner so that the ordering system and customer service can be integrated online (via social media). The function of social media is allowing the users not only to communicate, but also participate in sharing and presenting content easily (Mayfield, 2008).

Another constraint in Palembang related to online marketing is human resource. This issue is related to the limited number, old age, and the lack of understanding of proper marketing via internet or social media. In e-marketing, SMEs should be able to identify the components of internet marketing strategies consisting
of human resources, information and technology (Chong, et al., 2010). Thus, in order to apply internet marketing properly, human resources should be recruited properly as well. The potential of internet marketing of Songket Palembang can be mapped as follows:

Table 4. The Mapping of Internet Marketing Potential of Songket Palembang

<table>
<thead>
<tr>
<th>Name of Fabric</th>
<th>Technical Potential</th>
<th>Non-technical Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Songket Palembang</td>
<td>A minority of SMEs use application tools (BBM, WhatsApp) and social media (Facebook and Instagram) as marketing tools</td>
<td>The cultural value of Songket</td>
</tr>
</tbody>
</table>

Source: data processed by the author (2016)

Second, the findings of the study related to internet marketing carried out by SMEs of Sasirangan fabric in Banjarmasin. Similar to Songket and Batik, the study in Banjarmasin focuses on marketing carried out by SMEs of traditional Sasirangan fabrics (not printed Sasirangan fabric made by factories).

Artisans and actors of SMEs of Sasirangan fabric in Banjarmasin carry out Business to Business (B2B) and Business to Customer (B2C) marketing as practiced by SMEs in Palembang. However, SMEs working on traditional fabrics in Banjarmasin are more active in using internet (social media) to offer their products compared to SMEs in Palembang. Several SMEs know the benefits of using social media and update in the social media. It is as described by Firdaus Sasirangan, an owner of an SME who feels the benefits of using social media of Instagram to reach resellers outside the District (Banjar Baru). This SME displays favorite products of the customers on Instagram: "... We only display new products and we update if there are new products ... mostly veils because veils for teens is the current trend."

In this case, the SME owned by Firdaus Sasirangan has considered the contents that should be displayed on Instagram, although it only shows the latest product of every production process without further explanation about the product. Kotler and Armstrong (2012) state that the contents of a website consist of text, image, audio, and video. The SME owned by Firdaus Sasirangan has displayed one of the elements of the contents on Instagram, namely image.

Other SMEs of traditional Sasirangan fabrics use social media as well. Although the marketing activities still integrate offline and online marketing activities, offline marketing is more dominant than online marketing. Two of these SMEs, namely SME Katuju Sasirangan and SME Nida Sasirangan also apply internet marketing using social media (Instagram). Those two SMEs display the products as well as other explanations. SME Katuju Sasirangan states: "... It is faster using Instagram than Facebook ... We usually display photos of new motifs on Instagram... with related explanations such as they type of fabric, namely cotton, and the width of the fabric. We do not display the price. In return, they will call us later."

In applying marketing using social media, the SME still applies one-way communication, limited to providing photos and descriptions. In fact, one of the characteristics of social media (Mayfield, 2005) is two-way conversation. In applying marketing on Instagram, SME Katuju should provide information, exchange information, and carry out discussion in the social media to create two-way communication as well as encourage the formation of a community.

SME Nida Sasirangan has blog, Facebook, and Instagram. Social media used more frequently for internet marketing is Instagram. Similar to SME Katuju, SME Nida Sasirangan displays photos of the products and descriptions of the materials, while further communication with customers is carried out through Line or BBM. The owner of the SME explains: "... We post photos and materials, but we do not post the price. The customers simply comment through Line and BBM and the customers are redirected to our location ... We reply comments on Instagram when we hold the hand phone."

Social media has another characteristic, namely connectedness (Mayfield, 2005), emphasizing the relationship between one object and other objects, by providing links that can connect the audience to specific webs. Social media owned by SME Nida Sasirangan do not provide links to their blog or Facebook, yet they provide their online number to allow them to connect with customers. Marketers should be able to carry out engagement in using social media. It means that they should be capable of engaging customers to participate in social media so that customers are willing to provide their time and energy (Evans and McKee, 2010). Such understanding may mean that marketers should be able to make the customers participate actively and take their time to be more involved in social media. It implicates that the marketers also should have sufficient time to make social media more attractive, featuring the latest information, serving customers well, and not being used as a merely complementary tool.

The involvement of the Municipal Government of Banjarmasin in helping the marketing of traditional fabrics is providing exhibitions and establishing UKM Center. Both are the programs of the Department of Cooperatives and SMEs of Banjarmasin as stated in the following interview:

"... The Department of Cooperatives also establishes the program of Banjarmasin Fair. The Fair is the exhibition to celebrate the anniversary of Banjarmasin. SMEs are involved in the exhibition. We can help them market their products that way... In addition, we also..."
have a small minimarket in Menara Pandang named UKM Center. It is built to sell their products. They do not have to pay rental cost ... We provide free place, shopkeepers, and cashiers.”

Trainings provided for SMEs are trainings of bookkeeping and financial statements. It is different with the information provided by the artisans and actors of SMEs in Banjarmasin. They are frequently invited to attend the trainings of dyeing/coloring and designing motifs. The Government has not provided any training related to internet marketing.

Average SMEs working on traditional fabrics in Banjarmasin have social media and they use social media better than SMEs of Songket in Palembang. It is related to the relatively young age of human resources in SMEs in Banjarmasin. Based on the interviews, their social media accounts are generally managed by their children whose age range is between 20-30 years. The potential of internet marketing of Sasirangan fabrics of Banjarmasin can be mapped as follows:

Table 5. The Mapping of Internet Marketing Potential for Sasirangan Fabrics of Banjarmasin

<table>
<thead>
<tr>
<th>Name of Fabric</th>
<th>Technical Potential</th>
<th>Non-technical Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sasirangan Banjarmasin</td>
<td>The majority of SMEs use social media (Facebook, Instagram) as marketing tools</td>
<td>The involvement of the Department of Cooperatives and MSMEs is limited to providing general trainings. Online marketing training has not been provided.</td>
</tr>
<tr>
<td></td>
<td>SMEs provide simple content (photos of products) on social media</td>
<td>The human resources managing social media of SMEs are relatively young (productive age)</td>
</tr>
</tbody>
</table>

Source: data processed by the author (2016)

Third, the findings in Solo. The focus of this study is internet marketing applied by SMEs of traditional batik, known as handmade batik (not stamp batik). Several improvements in awareness and capabilities related to the use of internet marketing, though not optimal, are found in several artisans and SMEs of Batik in Solo. Similar to SMEs of Sasirangan in Banjarmasin, several SMEs admit that they are facilitated with social media but they only use social media when they have time; one of them is SME Tahta Batik, using Facebook and Instagram. The contents displayed in both social media are related to the type and size of batik, but the price of the fabric is not included. Communication applied is one-way communication. If the customers are interested, they can contact the SME directly by phone as listed in the social media.

The majority of SMEs have website, blog, Facebook, and Instagram. However, the many social media activated generates another issue. SME Puspa Kencana has website, blog, and social media, but it does not have specific human resources to manage the accounts intensely. It has been an issue, as noted in the following interview: “... We still do not have one particular person to manage our social media.”

The lack of human resources to manage internet media becomes an issue in SMEs in these three regions. The problem should be overcome considering that internet marketing also has one similar function as traditional marketing, namely customer service. According to Kalyanan and McIntyre (2002), customer service is one of the needs and required activities to support functions in transactional situations. Therefore, it can be concluded that internet marketing requires fast and responsive customer service.

SME Batik Pandono is one of the SMEs combining traditional marketing through word-of-mouth communication and Internet marketing through Facebook. However, the percentage of the use of social media is lower than traditional marketing. Word-of-mouth communication is created by frequently attending exhibitions. In fact, word-of-mouth communication is not only manifested in conventional form (offline - using a person), but also in social media (online). Marketers can easily use web tools such as blogs, forums, ratings, sites, and social networks that allow people to be open and honest in giving opinions and thoughts as well as engaged in discussions for frequently-used products (Hassan, 2010).

SME Batik Pandono once experienced distrust in the use of internet for transaction. It was associated with improper product ordering and payment terms leading to a loss by the SME as described in the following interview: “... In fact, the customer had ever been here. His father had as well. He ordered uniforms. The price was about 40 million and the down payment was 9 million. I had sent the uniforms. He said the disbursement of fund took longer due to management process. However, we do not get the rest of the payment until now.”

Kalyanan and McIntyre (2002) state that one of the elements of e-marketing is the function of security that is highly important for transactions via internet. Security involves two things: (1) security for transactions carried out on the website, and (2) security for data collection and storage about customers and visitors. Internet marketing using social media should be designed with a security system to provide a sense of trust and comfort for both marketers and customers.
SME Batik Marin Laweyan is better in using internet as a marketing medium. This SME owns website and social media (Facebook and Instagram). There is no issue in the management of the website because it is managed by a specific person. The consumers know about SME Batik Marin Laweyan from two other websites, namely the web of Batik Village (joint web with other artisans) and the web of SME Batik Marin. It is stated by the SME: “... Currently, the majority of customers know about us from the website. My name is also included on the personal web and the web of Batik Village.”

Kotler and Armstrong (2012) state that online marketing creates two types of webs, namely corporate website and marketing website. Even though the web of Batik Village is a joint website owned by other batik artisans, SME Batik Marin Laweyan assumes that the web is a corporate website.

Designing a website should pay attention to the content. SME Batik Marin Laweyan displays their latest products. Companies have to keep updating their sites to create a new, fresh and useful look (Kotler and Armstrong, 2012). In addition to display photos of their newest products, the website of this SME provides tagline “Your Exclusive Batik Choices”. It is useful as an identity that can be communicated to customers. Furthermore, the SME uses website and Instagram as tools to determine the condition of the market and competitors. It is described as follows: “... If fashion continues to develop, we also need to follow the market... by carrying out a research and frequently visiting other websites or Instagram.”

This SME understands the dynamic business competition and use social media as tools to determine the competitors. Through internet and data access, the conditions of the market and the competitors can be identified faster.

SMEs of Batik in Solo, particularly in Laweyan, are aided by the presence of the association of Batik Laweyan. This association has its own structure of management and membership. It is recorded to have 80 members until 2016 (based on the interviews with the Chairman of the Association of Artisans of Batik Laweyan, 2016). They communicate with each other to discuss the issues encountered by SMEs of Batik, particularly in Laweyan, and design work program. One of their work programs is to actualize the village of batik. The information regarding the draft of work program is conveyed through website and Facebook to be accessed by general public.

The existence of the Association is considered important because it can be a connecting bridge between the government and SMEs. The Association also has the role in designing programs or policies in Solo, as noted by the Chairman of the Association:

“... Our partners are the Department of Cooperative and the Department of Industry ... We are also partnering with tourism, industry, and Regional Development Planning Agency (Bappeda). Our community also has a community named Solo Creativity. We are included in the Certificate of the Municipal Government to discuss tourism. We are also included in the Certificate of Bappeda to join economic development forum and regional research council. In governance, we once helped in cultural heritage.”

The government, the Association and SMEs have a high cohesiveness such as in regular meetings by the Association, SMEs, and the Department of Cooperatives and SMEs, either organized by the Department or vice versa. It is as told by the Department of Cooperatives and SMEs:

“They routinely join our activities. We gather them when there are coaching activities. However, they also have routine forums. For example, Laweyan Forum holds internal meetings and invites various departments. We have routine socialization and we always include them. However, we are the one setting the schedule. We have carried out socialization or coaching about cooperatives seven times in a year.”

The Department of Cooperatives and SMEs of Solo actively assists the development of SMEs of Batik in Solo by involving SMEs to participate in exhibitions in Solo, outside Solo and abroad and providing trainings collaborating with several partners. The trainings provided are trainings of dyeing/coloring, financial management, financial statement, and online marketing. Online marketing training organized by the Department of Cooperatives and SMEs specifically involves several related partners, such as telecommunications companies and online buying and selling media, as presented in the following interview: “... Online marketing training is not held each year. Sometimes we hold the training without planning and we collaborate with other parties such as PT XL, Elevenia, and Tokopedia.”

The collaboration generates benefits for all parties. SMEs obtain benefits in the form of knowledge related to online marketing while buying and selling media can seek prospective customers from SMEs.

The role of the Government is not only carried out by the Department of Cooperatives and SMEs, but also by the Department of Industry and Trade of Solo. The Department of Industry and Trade provides assistance to SMEs of Batik in the form of equipment and assistance related to trainings of production techniques, packaging, and design. Based on the interviews, it is shown that the Department of Industry holds internet marketing training. This training is a form of collaboration with TELKOM. The active role of the Government in Solo can be used as the potential to develop internet marketing of SMEs of Batik in Solo, particularly with the provision of theoretical and practical (technical) internet marketing training. The potential of internet marketing of batik of Solo can be mapped as follows:
The findings of the study related to internet marketing of traditional fabrics in three regions (Palembang, Solo, and Banjarmasin) are divided into two parts, namely (1) technical findings, reviewed by using indicators of online marketing concept by Kotler and Armstrong (2012), and (2) non-technical findings that have an important role in online marketing by SMEs. First, technical findings are reviewed by using online marketing concept by Kotler and Armstrong (2012). From four indicators presented, several SMEs only apply the first indicator, namely creating/using website or social media. SMEs have not carried out online promotion, created a web community and used email in the transaction.

Related to the first indicator, namely creating/using website/social media, the majority of SMEs uses websites/social media less optimally. Websites/social media are used as necessary. Most websites/social media merely display photos of the products and related descriptions. The websites/social media are not continuously updated and linked to other websites. According to Kotler and Armstrong (2012), creating marketing web should pay attention to the contents displayed. A website should be able to engage visitors in an interaction that will mobilize them closer to direct purchase. Therefore, the visitors should be able to see all categories of products, learn about the products further, read reviews of the products by the experts, understand how to order online easily, as well as understand the transactions related to the purchase of the products.

Another important point is that the websites/social media should be continuously updated so that they are always new, fresh, and useful. It will encourage the customers to follow the updates. The websites/social media also need to be linked to other sites. Referring to the theory, the recommendations that can be given to SMEs is to display all types/categories of products as well as the detailed explanations related to the products such as their short history, price, how to care/wash the products, testimonials from satisfied customers, order information, secure payment system, as well as complete information of the history and the identity of SMEs (address, telephone number, and others). If SMEs have more than one website, it is recommended to link them. The link will encourage effective internet marketing, improve the promotion, and facilitate the customers to find the products of SMEs.

After SMEs understand and apply the first indicator, the marketers can carry out online promotion, create a web community and carry out transactions by email. Based on the interviews, the exchange of information has never been carried out by email. The order is processed using WhatsApp, Line, or BBM because they are considered faster. In fact, email is an official and safer electronic mail to trade, particularly for transactions in large amounts. Websites need to include web forums to create a community where customers can exchange ideas and share experiences about their common interests. In social media, customers carry out activities to choose, filter, and give feedback or describe existing content so that they will review the content and the review will help other customers as consideration for purchasing (Evans and McKee, 2010).

Related to technical findings, SMEs in Solo are better in applying internet as a marketing medium. Several SMEs have had social media and websites, although there are still shortcomings in their application. SMEs in Banjarmasin rely on social media (Instagram) as a supporting promotional media. Many issues are encountered because SMEs in Banjarmasin merely display photos of the fabrics in social media and rarely update them. Meanwhile, only a minority of SMEs in Palembang has social media and it is not used optimally. Other SMEs merely use WhatsApp and BBM as a medium of further communication after traditional (offline) transaction.
Second, non-technical findings show that there are some key elements for SMEs to optimize internet as a marketing medium, namely human resources (HR), the role of the Association, the role of the government, and the value of fabrics. HR plays an important role in applying internet marketing. Based on the interviews, the majority of SMEs have an issue of limited human resources to operate internet in particular. In this case, the employee should be able to maintain the flow of communication with customers, carry out updates of data and information on the website, and integrate website and social media owned. In Solo and Banjarmasin, the application of internet as a marketing medium is better because it is managed by the children or younger siblings of the owners of SMEs. The role of the association of artisans in Solo is a good example for Palembang and Banjarmasin. The Association may represent any complaints, issues, and suggestions from SMEs to local governments. The Government plays an important role, particularly in providing online marketing training so that SMEs can understand and operate internet skillfully. In this case, the Government of Solo has carried out its role in involving several potential partners. The selection of partners also needs to be carefully considered to generate a mutually beneficial relationship for all parties.

Palembang has another potential, namely the value of the traditional woven fabric (Songket). Songket has high artistic taste so that the fabric has already known publicly as the image of Palembang. However, SMEs in Palembang need to apply internet marketing and gain the support of the Association and the Government so that Songket can compete better in national and global markets.

CONCLUSION

The findings of the study show that SMEs working on traditional fabrics in Palembang, Solo, and Banjarmasin have not applied internet marketing optimally. SMEs tend to apply offline marketing, while internet is merely used as a supporting tool. The technical findings of the study are concluded as follows: Several SMEs in Solo already have a website, but the majority of SMEs in the three cities use social media (Instagram and Facebook) as promotional media and BBM, Line, and WhatsApp to communicate. The majority of SMEs have not created a creative website and social media, but merely displayed photos of the products. SMEs have not updated the website and social media continuously, carried out promotion online, created a web community, and used email for transactions.

Non-technical findings show the importance of the role of skilled human resources in operating Internet, the role of associations, and the government as well as the value of traditional fabrics. The majority of SMEs in Solo have website and social media; internet marketing is managed by younger members of the family; and good coordination between SMEs, associations and the government is established. SMEs in Banjarmasin only have social media (mostly Instagram) but it is not operated continuously; there is no role of associations; and there is a lack of role of the Government, particularly in providing online marketing training. The artisans and the actors of SMEs of Songket in Palembang rely more on offline marketing and they carry out further communications related to transactions through WhatsApp, Line, and BBM; there is no role of associations, and there is a lack of role of the Government related to marketing. The additional value of Palembang lies in Songket that has been widely known as a fabric with high artistic taste. This advantage should be processed in such a manner with the help of internet marketing so that it can compete with other traditional fabrics at national and global level in the future.

ACKNOWLEDGEMENT

This study is based on research grant of sub-cluster of the Department of Business Administration Science led by Dra. Novita Ikasari, M.Comm., Ph.D. The author would like to express gratitude to all parties who have been interviewed, including SMEs working on traditional fabrics, the Government (the Department of Cooperatives and SMEs, the Department of Industry and Trade) in Palembang, Solo, and Banjarmasin, as well as the Association of Artisans of Batik Laweyan, Solo.

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