

## E-Commerce Website to Help SMEs to Support the Creative Economy Sector



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**ABSTRACT:** The Covid-19 pandemic has encouraged initiatives to digitalize SMEs to be carried out seriously and more equally. This is due to the fact that the success of the SMEs business in the digital era is inextricably linked to its readiness to digitalize existing business operations. One proof of the readiness of SMEs in doing business in this digital era is that they have used digital marketing platforms. This research aims to digitalize the business of the SMEs group in the Tempe Industry Center in Kampung Sanan Malang, East Java, which is included in the Indonesian government's projection to maximize income in the creative economy sector. This research is a qualitative research with the stages of research implementation covering the identification and mapping of the potential for digitalization of the economy, to the development of an e-commerce website in the Tempe Sanan Malang SMEs group. The research results take the shape of an e-commerce website used by SMEs actors, as well as an increase in digital competence owned by SMEs actors, enabling them to digitalize their businesses in a sustainable manner.

**KEYWORDS:** Creative Economy, Digitalization of MSMEs, E-Commerce Websites

### I. INTRODUCTION

As with any other country in this age of globalization, competition in the Indonesian market is heating up quickly. The food industry is one of the most promising sectors. In Indonesia, the food and beverage industry, including coffee shops that attract a young consumer, is expanding rapidly (Herlina et al., 2021). This is evidenced by the growing number of new coffee shops offering a variety of brands. Fast progress in the coffee industry in Indonesia can be attributed to a general shift in social norms and preferences, especially among the country's youth. It's becoming increasingly common for people to use coffee shops as an alternative to traditional meeting spaces, gathering spots, and even workplaces.

The number of Indonesians visiting coffee shops is beginning to rise dramatically. This phenomenon can provide entrepreneurs with a highly promising business opportunity. People now have a wide range of coffee shop options thanks to this business. The proliferation of coffee shops in Indonesia may explain why an increasing number of Indonesians enjoy coming to or visiting coffee shops. One of the coffee shops in the Central Jakarta area is Harbour Coffee. Harbour Coffee is a coffee shop established on 2021 which located at Jl. Taruna Raya No.43B, RT.13/RW.4, Serdang, Kemayoran Sub-district, Central Jakarta City.

Harbour Coffee was founded by customer concern, of course, coffee enthusiasts or coffee aficionados in the Kemayoran area, causing the owner was ultimately inspired to establish a harbor by collecting the restlessness in terms of products and customer happiness. The high number of competitors in the Central Jakarta Coffee Shop industry poses a challenge for every coffee shop business actor, including Harbour Coffee, to be able to survive and improve the quality of their products in order to differentiate them from those of competitors. Currently, numerous competitors in Central Jakarta offer coffee beverage goods at reasonable costs and of high quality. This can result in an unpredictable level of coffee shop sales, including for Harbour Coffee. In order to please their clients, coffee shop business players must be able to prioritize the quality of the coffee beverage goods they sell.

Customer loyalty is significantly influenced by service quality. The greater the quality of service delivered to clients, the greater the customer's loyalty. The inclusion of the correlation coefficient inside the interval range indicates that the association between variables is quite robust (Khayru et al., 2021). An investigation conducted by Putra & Ngatno (2017) With a regression value of 0,27, the service quality variable has a major and positive effect on consumer loyalty. This demonstrates that the higher the quality of service, the more likely consumers are to sense brand loyalty. The value of the advertising variable's coefficient of determination is 40%. According to the findings of the basic linear regression test, the t-statistic value of 8,076 is bigger than the t-table value (1,9845).

## **E-Commerce Website to Help SMEs to Support the Creative Economy Sector**

Based on research conducted by Andreas & Yuniati (2016), the results of the study. Based on the direct effect of product quality on customer satisfaction, the coefficient value was 0,660 and significant at 0,000 while the direct effect of customer satisfaction on customer loyalty was obtained by a coefficient value of 0,609 and significant at 0,000. Hence, it can be noted that there is an indirect effect of product quality on customer loyalty through customer satisfaction as an intervening variable.

Based on the results of the description of the background and the results of the survey conducted by the researcher, the researcher undertaken this study entitle "The Effect of Service Quality and Facilities on Consumer Loyalty Moderated by Consumer Satisfaction (Harbour Coffee Case Study)".

### **II. METHOD**

This research was a qualitative research with the stages of conducting research including identifying and mapping the potential for digitalization of the economy within the Tempe Sanan Malang SMEs group. Afterwards, it continues at the stage of developing an e-commerce website which will specifically be utilized by the Tempe Sanan SMEs group in Malang City. Through the implementation of research for one year it was expected to be able to formulate a strategy for digitizing SMEs so that they were able to compete in the era and after the Covid-19 pandemic so that they could strengthen the creative economy sector. The use of this method as a bridge in focusing research in the field of digital technology entrepreneurship, which focuses on identifying and exploiting opportunities based on scientific/technological knowledge through the creation of digital artifacts to maximize technology-based businesses on the one hand and services on the other (Zhai et al., 2023).

### **III. RESULTS AND DISCUSSION**

Digitalization of SMEs has been confirmed to have a positive relationship with business financial performance (Eller et al., 2020). In the current global scenario, SMEs contribute to the country's GDP through employment opportunities, productivity and growth, even though in the Covid-19 pandemic situation they find a different and more challenging situation (Viswanathan & Telukdarie, 2021). The digitization of business carried out by SMEs has also been proven to bring a myriad of benefits, although it must be admitted that the implementation cannot be done rashly (Kergroach, 2020; Norris, 2020). Every country has now made efforts to digitalize SMEs groups, both in urban and rural areas. For example, in Russia, SMEs groups in both rural and urban areas have the same opportunity to win digital competition, depending on their structural readiness (Sinyuk et al., 2021). The same thing happened in Wales (Norris, 2020), as digitalization of SMEs in rural areas was able to overcome the spatial gap for SMEs. The digitization of SMEs is also able to improve economic performance such as productivity and exports, as well as greater attractiveness to foreign capital flows (Trașcă et al., 2019).

The purpose of this research is to develop a digitalization strategy for the SMEs Group through the development of an e-commerce website to support the creative economy sector. There are three stages of research carried out, namely identifying and mapping the digitalization potential of SMEs, developing e-commerce websites, and developing digital competencies for SMEs actors. In detail, these stages are explained as follows.

#### **1. Identification and Mapping of SMEs Digitalization Potential**

Globally, SMEs represent around 90% of businesses worldwide as well as 50% of existing employment (Rizki, 2020). In Indonesia, SMEs are one of the most important pillars in the structure of the national economy. Based on data from the Central Statistics Agency (hereinafter referred to as BPS) the number of SMEs in Indonesia has reached 64 million with a contribution of 61.07% or IDR 8,6 trillion to the country's GDP (Indonesian Ministry of Finance, 2020). These figures can be increased massively by making digitalization efforts (Arie & Fikry, 2021). The reason is because currently society is dominated by digital native groups, they represent a generation that is very close to using technology (Kirschner & De Bruyckere, 2017). On the other hand, digital native groups have an advantage in terms of creativity and the possibility to build connectivity in a very wide world (Thompson, 2013).

The Tempe Sanan Malang SMEs group must be able to capture this as an opportunity so as to provide a correlation to the SMEs digitalization strategy. The potential in the Tempe Sanan Malang SMEs group is that their products are in great demand by tourists, both local and international. Digitalization efforts will increase income while increasing popularity (Meileni et al., 2021). Through creative digitalization packaging for SMEs, this correlates with increasing opportunities to win competition in the creative economy sector (Chollisni et al., 2022; Sopanah et al., 2018), especially in culinary terms. Based on the analysis process, the following is an overview of the potential for digitization in the Tempe Sanan Malang SMEs Group.

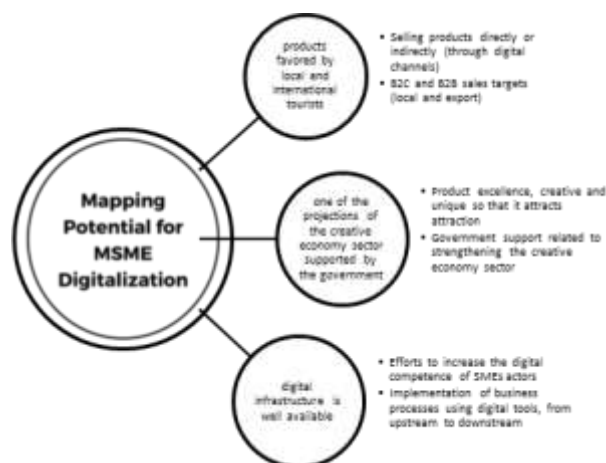


Figure 1. The Potential of Digitalization in the Tempe Sanan Malang SMEs Group

SMEs culinary products that are in great demand by local and international tourists provide high export opportunities (Tambunan, 2021). This is due to the acceptance factor from various groups, thus facilitating the sales process on an ongoing basis. This can be supported through Business to Business (B2B) and Business to Customer (B2C) sales schemes. Especially if the product is one of the types of products that are projected as products from the creative economy sector by the government (Agustina et al., 2020). As such, these potentials must be captured immediately. One of them is through efforts to develop digital channels that can support the selling process of MSME products. On the other hand, MSME human resources are maturing in digital competence. So that they are able to run the business in a sustainable manner.

## 2. E-Commerce Website Development

Research conducted by Wihardja (2021) shows that e-commerce can be a way to help SMEs in Indonesia to survive and thrive in the post-covid-19 era. Through the use of e-commerce, SMEs are better able to keep their businesses running during the pandemic and their businesses recover more quickly (Costa & Castro, 2021; Tolstoy et al., 2022). Companies, including SMEs that made initial investments in digital adoption, including those who have used, started using, or increased their use of the internet, social media, special applications, or digital platforms, recovered more quickly in the post-covid-19 era (Dwivedi et al., 2021). Based on the research findings, it is important that SMEs actors can maximize the use of e-commerce to run their digital economy.

The way to take advantage of e-commerce for SMEs businesses is to use it as a digital marketplace to market their products on an end-to-end basis (Costa & Castro, 2021). Types of e-commerce that can be used, can be those that have been developed by other parties or developed by themselves. Both have advantages and disadvantages. If SMEs actors open shops in e-commerce developed by other parties (public e-commerce), there is profit sharing with the developer. Not to mention the administrative costs that must be met every month (Argilés-Bosch et al., 2022). Meanwhile, self-developed e-commerce will be more freely managed by SMEs actors and there will be no cost deductions for each transaction used. Especially if there is assistance from academics in developing and managing e-commerce websites for SMEs (Agustina et al., 2020). Clearly, this is very beneficial because operational costs for SMEs actors are no longer burdened.

In this research an e-commerce website has been developed, namely tempesanan.com whose appearance can be seen as below.

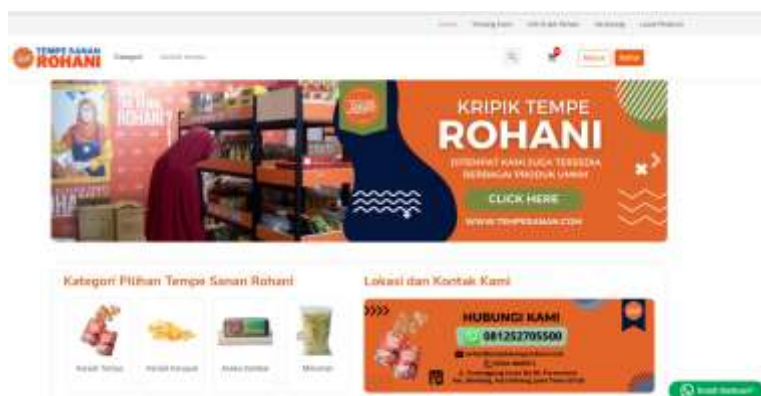


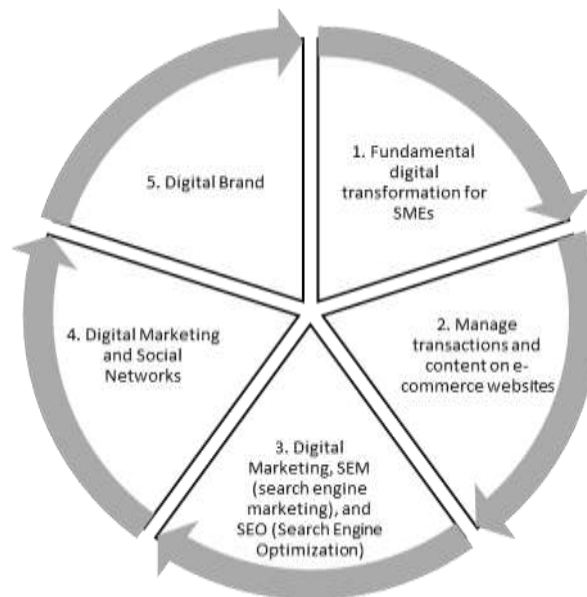
Figure 2. The Tempesanan.com E-Commerce Website Page Views

## E-Commerce Website to Help SMEs to Support the Creative Economy Sector

The e-commerce website that has been developed is equipped with various details of the products sold by the Tempe Sanan Malang SMEs group. Furthermore, this e-commerce website is used as a means of conducting digital marketing to support the business existence of the Tempe Sanan SMEs group in Malang City in order to survive and compete in the digital economy era. The features on the e-commerce website are adopted from the latest features available on public e-commerce, of course with developments in it. Sales transactions can be made for purchases from within and outside the country. This facilitates business processes involving the B2B and B2C sectors.

### 3. Development of Digital Competence for SMEs Actors

An important effort that must be made to succeed in digitizing SMEs in a sustainable manner is to continue to develop the digital competencies of SMEs actors (Cassetta et al., 2020; North et al., 2019). Efforts to develop digital competence can be carried out by various parties, ranging from government officials, investors, to academics (Aminullah et al., 2022). In this research, a framework was developed to carry out digital competency development for SMEs actors, namely as follows.



**Figure 3. Framework for developing digital competencies for SMEs actors**

After developing an e-commerce website, the next step is to finalize the digital competence of SMEs. There are five phases of training conducted. Starting from basic competencies in the field of digital transformation. Then proceed to managing transactions and content on the e-commerce website. SMEs actors must be sure to understand these two initial materials, so that they have the provisions to move on to the next competency. Through the efforts made by academics and experts in the field of SMEs, they can then be given training on digital marketing, especially those related to SEM competence, SEO to social networks. After these four competences have been mastered, SMEs can receive training on digital branding in order to continue expanding their businesses.

The three stages of this research can be adopted to carry out efforts to digitalize SMEs, especially as a means of supporting the creative economy sector. As of now, the creative economy sector is still one of the pillars in increasing state income, both for developing and developed countries (Bilan et al., 2019; Chollisni et al., 2022). Specifically in the current digital era, digitizing SMEs is very important and urgent to do. SMEs actors must be shaped into figures with qualified digital competence (Costa & Castro, 2021). This is done to ensure that they are able to carry on with their business as usual and expand it into the realm of international commerce by way of their efforts to export items to a variety of other nations.

## IV. CONCLUSIONS

It is important to digitalize SMEs by involving many parties, ranging from experts in the field of digitizing SMEs, the government, to academics. This is the first step to save the SMEs business in the midst of the onslaught of the global economy which now finds it in the digital sector. Especially if the government predicts that a SME will maximize profits in the creative economy area. Through the three stages of research conducted, namely identifying and mapping the potential for digitizing SMEs, developing e-commerce websites, and developing digital competencies for SMEs actors, it was determined that the Tempe Sanan Malang SMEs Group's efforts to digitalize SMEs were successively deemed successful. This is demonstrated through the utilization of e-

## E-Commerce Website to Help SMEs to Support the Creative Economy Sector

commerce platforms to facilitate the digital marketing of SMEs products. Its implementation is also helped by personnel who are digitally savvy since they have received training in accordance with the digital competency development framework for players in the SMEs actors.

Through the implementation of research for one year resulted in the formulation of a strategy for digitizing SMEs, especially the Tempe Sanan Malang SMEs group so that they are able to compete in the era and after the Covid-19 pandemic so that they can strengthen the creative economy sector in Malang City, East Java, Indonesia. The e-commerce website can be accessed at the link <https://temporder.com/>. Likewise, the frameworks in this research can be adopted as an effort to digitalize SMEs so that they are able to continue to compete in the digital era. On the other hand, they are also able to expand their business so as to strengthen the creative economy sector in their respective regions and countries.

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## E-Commerce Website to Help SMEs to Support the Creative Economy Sector

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