

The Impact of Internet Marketing on Success of Women Micro, Small and Medium Enterprises and Innovation as Intervening Variable

Case Study: Business Women In Medan City

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Abstract— This study aims to see the role of Micro, Small and Medium Enterprises (MSMEs) in Medan City faces the challenges related to business development, especially in the utilization of the internet as a medium of modern marketing communication for women. This research uses associative and quantitative approach, using primary and secondary data. Data collection technique is done by interview, and observation with data analysis using path analysis. the results of this study indicate that there is a direct influence of internet marketing variables to variables women MSMEs success of 0.312 while the indirect influence of variables internet marketing to variables women MSMEs success of 0.467 so that the influence of internet marketing variables to variables women MSMEs success is indirect influence ($0.467 > 0.312$). It can be concluded that the variables of innovation mediate or as an intervening variable between internet marketing variables to the success variable of Women MSMEs.

Keywords—internet marketing; women MSMEs; success

I. INTRODUCTION

The contribution of MSMEs in the National Economy is undoubtedly primarily in employment. The success of MSMEs in Indonesia, in it cannot be separated from the participation of women. [1] Totally, the percentage of working women was 47.91 %. Percentage of women working in urban area is 44,74 %, while in rural area is 51,10%. Meanwhile, the percentage of total women as open unemployment was 3.48 %, where the percentage of unemployed women in urban area was 3.93 % and in rural area was 3.02 %. Another challenge faced by women entrepreneurs is how to improve capability and entrepreneurship.

Competition among MSMEs will usually encourage them to move more rigorously in improving their products. Competition is not only what is produced, but also what they add to their products, so that the product has the added power that can make consumers interested. A business must have the ability to create added value to its products. It can be done through increased innovation in products and services offered. The ability to innovate the weakness and satisfaction with what has been obtained to be a factor that makes the ability to compete power produced products are not strong enough.

The necessity for each organization intending to use crowd sourcing as a component of the distributed innovation management strategy, to master a few essential processes, including among others, a priori definition of the role and impact of the crowds on the organization's strategy, the understanding of the motivational drivers of participants in the crowd sourcing initiatives, and the use of metrics to evaluate crowd sourcing success [2].

Talking about innovation, globalization is challenges for MSMEs. More important than talking about open and closed innovation in the current context of globalization of market innovation, is helping to understand the learning processes inside and outside companies, how they acquire knowledge, how they organize their resources and capabilities to sustain the business strategy [3].

After the innovation is formed in MSMEs, absolutely, business strategy is required to be strong scientific system of entrepreneurship that will strengthen the base of the market target is needed an online based marketing media that will make the competition more competitive and map the demand

of the community online so that it can determine the pattern of policy more targeted marketing.

Internet as an advertising medium is versatile and this is it where it stands apart from the conventional advertising medium. It is a highly flexible medium that allows you to make changes during the course of the campaign as and when required without incurring much additional cost. This makes internet all the more important in a country like India where the business scenario is highly dynamic and changes with each passing day. Online marketing media allows the user to make changes as and when required to meet the latest demands of the market. The main strength of Internet as an advertising medium is its ability to reach out to a vast audience at one goes [4].

Internet marketing phenomenon is internet based marketing where business people can run the functions of marketing through instruments on the internet such as, marketing through internet marketing such as Instagram, Facebook, WhatsApp, You tube so that the authors are interested to examine the impact of Internet Marketing on sales and Impact of innovation on the success of MSMEs that occurred in business women in Medan City.

The external environment cannot remain constant, it is always changed. Thus, it is possible to distinguish an environment with slow changes of parameters and another environment with fast and unpredictable changes. In modern marketing the factor of environmental changes considered in the management of a specific organization has been researched by multiple authors [5].

Innovation is a difficult phenomenon to evaluate. Innovation impacts the firm in a variety of ways. It is difficult to analyze the full impact of innovation because there is no single set of metrics that can capture its full significance. The metrics that have been traditionally used only capture a fraction of the true benefit derived by the firm. In addition, since the circumstances, values, structure and strategies vary greatly between industries and firms within industries, the efficacy of specific metrics fluctuates from application to application [6].

The design of an industrial product is nowadays strictly integrated into the whole process of development and production of the item and there is no longer a sequential distinction between the different phases of concept, design and manufacture, as was common in the past [7].

In recent years, innovation has become the protagonist to economic and social development. In the fight against financial crisis, those enterprises who have innovation and management vitalities show their unique strong advantages as to resist risks, innovation management gradually becomes the central issue of management in academic community and industry community. Based on brand strategy in different period of Haier Group, this paper pointed out its innovation points and positive role in enterprise development [8].

The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. Some of the

disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, Higher transparency of pricing and increased price competition, and worldwide competition through globalization [9].

The rapid adoption of internet and related technologies as a promotional tool has made it imperative for firm's marketing plan. As internet presence is essential for a firm survival, so it has changed the way of doing businesses altogether. In this study, we empirically checked the four dimensions of electronic marketing (electronic mail marketing, web marketing, mobile marketing and marketing through internet) impact on consumer perception to make a buying decision [10].

Additionally, online registration technology automates the process of booking hotel rooms and making travel arrangements. Event planners in the 21st century can easily manage hotel room blocks or let attendees book their own rooms. They can also reduce attendee hotel costs by eliminating the time and hassle of manually matching sleeping rooms [11].

The digital age has already made significant changes to each of the elements of the promotion mix. Companies increasingly see the Internet as an important medium through which advertising messages can be directed towards consumers. In the 21st century, consumers have more control over advertising exposure with web advertising because they can select how much commercial content they wish to view [12].

There were several reasons that prompted small business enterprises owners or managers to set up their own business website. A few small business enterprises decided to set up their business website due to the influence by customers and competitors: MR-Tour (01), MU-Photo (02), MR-Photo (05), and MU-Wedding boutique (03). Other participants: MR-Resort (02), MU-Bakery (01), MR-Snack retailer (03), MR-Food caterer (04) and MU Apparel (05) were influenced by customers who pursued them to have a website [13].

II. METHOD

The type of this research using descriptively quantitative approach with the subject of this study is Women of MSMEs in Medan City with criteria of respondents are:

- The respondents in this study were owners of MSMEs managed by business MSMEs.
- Respondents understood social media.
- Active and capable of using social media objects in this study are all forms of social media utilization conducted by informants in marketing products MSMEs.

The data collected by researchers is based on the information obtained when meeting directly with the informant. Primary data is obtained from the results of observations and interviews on the subject of research.

Secondary data is obtained from the study of literature, references, journals, articles, magazines, internet. It aims to be supporting data related to the research. Data collection techniques include interviews and observation. In analyzing the data in this study used path analysis technique. The path diagram provides explicitly the relationship of causality between variables based on the theory.

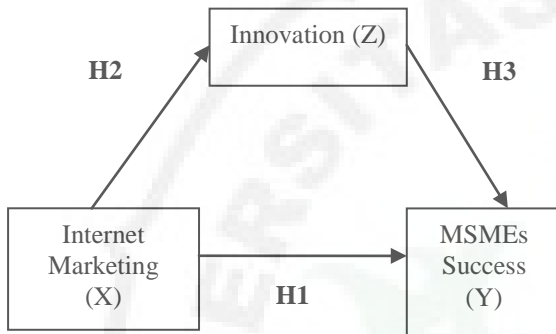


Fig. 1. Path Analysis Technique

From Fig.1, it can be explained by the following equation :

$$Y_1 = \beta_1 X + e_1 \quad (1)$$

$$Y_2 = \beta_2 Y_1 + e_2 \quad (2)$$

The explanation of the equations (1) and equation (2) is Y_1 is Sales, β_1 is the standardized value of internet marketing coefficient, e_1 is the sales variance that internet marketing can't explain, β_2 is the standardized value of sales coefficient, and e_2 is the variance of business success can't be explained by internet marketing and sales.

From equation (1) would give the value of H_2 , and from equation (2) would give the value of H_1 and H_3 . From the analysis of the path above it can be formulated the total influence between internet marketing (X) to business success (Y_2) as follows direct influence X to $Y_2 = p_1$ and as indirect influence X to Y_1 to $Y_2 = H_2 \times H_3$ so Total influence Correlation X to $Y_2 = H_1 + (H_2 \times H_3)$.

III. RESEARCH RESULT AND DISCUSSIONS

A. Research Result

The indirect effect in the path equation model was internet marketing variable (X) to the success variable of women MSMEs success (Y) of 0.467 then the influence of internet marketing variable (X) to variable of women MSMEs success (Y). Indirect influence ($0.467 > 0.312$) was innovation mediate variable or as intervening variable between internet marketing variable (X) to variable of Women MSMEs success (Y).

Table. 1. The Result In Regression

Indicator	Nilai	Result
t-test	0.000	Significant
f-test	0.000	Significant
Coefficient of determination	0.594	The independent variable accommodates the proportion of dependent variables 59.4%

B. Discussons

As the research [2] that the necessity for each organization intending to use crowd sourcing as a component of the distributed innovation management strategy. MSMEs is one of the management actors who needs to improve innovation, globalization is challenges. As the phenomenon in Women MSMEs for using internet, as an advertising medium such as Instagram, Facebook, WhatsApp, is versatile and stands apart from the conventional advertising medium. The progress of them could be seen in North Sumatra and influenced the success and make the innovation for globalization as the research [3] and [4].

Based on the research [5], Internet marketing influenced the success of MSMEs. Thus, it is possible to distinguish an environment with high changes of parameters and another environment with fast changes for North Sumatra phenomenon. Meanwhile, Innovation is a difficult phenomenon to evaluate. With the correlation the [6] that innovation impacted the firm in a variety of ways. As the intervening variable, it could influence the success of women MSMEs. As the evaluation, it is one of the triggering factors to be improved for North Sumatra Development.

Based on t-test, the internet marketing gives the significant result for the success of MSMEs. It means that it made the design of an industrial product is nowadays strictly integrated into the whole process of development and production of the item. It has become the protagonist to economic and social development. In the fight against financial crisis, those enterprises who have innovation and management vitalities and are similar to [7] research.

Based on the mark 59.4% for coefficient of determination, would indicate the present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. The rapid adoption of internet and related technologies as a promotional tool has made it imperative for firm's marketing plan. Online registration technology automated the process of marketing and improve the revenue as the key to get success as the research [8], [9] and [10].

As the digital age had already made significant changes to each of the elements of the promotion mix. If it is an effective way to make the good improvement, there was still 40.6% again influencing the success of Women MSMEs such as making registration online [11], inspiration from [12]. There were several reasons that prompted small business enterprises owners or managers to set up their own business website and trying to research [13] other factors for the improvement. The research and development (R & D) can be improved to find

other variable indications to know the improvement of business women in Medan City.

IV. CONCLUSIONS

From the research result, we can conclude that :

1. Indirect effect contained in the equation model of the path is the internet marketing variables on the success variable of Women MSMEs.
2. Indirect Influence means innovate variable mediate or as intervening variable between variable of internet marketing to variable of women success.
3. The existence of significant between t-test and f-test between internet marketing to the success of women MSMEs.
4. Innovation impacts the firm in a variety of ways. As the intervening variable, it could influence the success of Women MSMEs. As the evaluation, it is one of the triggering factors to be improved for North Sumatra Development.
5. The mark 59.4% for Coefficient of determination will indicate the present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs.
6. There is still 40.6% again could influence the success of Women MSMEs so that prompted small business enterprises owners or managers to set up their own business website and trying to research other factors for the improvement.

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