The Influence of Embedded Social Media and Marketing Communication Online Toward Indonesian SME

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Abstract - Communication technology makes the smartphone attached (embedded) in the life of the individual users. This study aims to determine the Influence of embedded social media and marketing communication online toward Indonesian SME preparation in dealing AEC (ASEAN Economic Community). AEC is an agreement between ASEAN countries to establish a free trade area of cooperation with the goal of improving the economic competitiveness of the ASEAN region. It forces ASEAN countries to compete openly, moreover, a critical attitude appears on the readiness of Indonesia to face free competition. In the theory of diffusion innovation, Rogers states that the adoption of innovations is one way of individual to adapt to environmental changes. This study is carried out by an explanatory survey method with questionnaires as the main instrument of data collection. Result study shows all variables have a strong and positive influence. Adoption of social media can be used as a communication media innovation marketing of SME’s products. Adoption of social media is also a short-cut for SME’s in the face of free competition in the era of MEA.

Index Terms - Social media, adoption of innovation, marketing communications.

I. INTRODUCTION

Advances in communication and information technology, causing a new phenomenon that characterized by the use of smartphones almost in every layer of society. The presence of new media is increasingly widespread use in the presence of telecommunication devices are getting easier and cheaper. Telecommunication facilities like smartphones make the integration of mobile phones, internet, and computers. The advantages of this communication technology, in the end, make smartphones to become part of the important thing in the lives of users.

In various scientific studies mentioned that the phenomenon of social networking is part of the behavior of Y generation, the generation that grew in the middle of the hustle and bustle of wireless technology development [14]. Exposure to technology also affects the sensitivity of generation Y to change. They are a generation that is familiar with the internet and very active in social networking media. They are highly technology-minded and interact more through gadgets. As William Strauss and Neil Howe put needing to go to the place. By just clicking makes a person feel and see many ideas and phenomena in other parts of the world.

Changes in the behavior of human communication in the presence of new technology into a global phenomenon. Behavior change is so fast due to the enormous demands of the environment. This change has been implicated in almost all aspects of human life, not least the business world. The online market size in ASEAN theoretically amounted to 67-89 billion US Dollars [17]. Keany said that Indonesia has the greatest growth potential among other countries in ASEAN. In the face of free competition with the enactment of MEA, the perpetrators and managers of SMEs must absolutely master and utilize the internet and e-commerce to improve product competitiveness, especially to reach the export market. Social networking media, such as Twitter, Facebook, Instagram, and the like, is a medium that can be used by SMEs to communicate and disseminate information to consumers and their potential customers. Social media can be used as a "shortcut" for SMEs to anticipate the impact of the enactment of MEA and demographic bonuses.

Indonesia has huge economic growth potential and dominates the online market in ASEAN. In the next five years, the population of Indonesia will be dominated by the population aged 30 years-an amount of about 250 million people. This figure clearly addresses a very potential market because they are residents of productive age, this is a demographic bonus that must be addressed very positively. In addition, the figure also shows that Y generation will dominate the Indonesian market. The Internet becomes a fundamental requirement in communicating and interacting and even in transactions. By 2015 internet users have reached 93.4 million people, with the penetration of internet usage about 33% and 71 million people of whom are smartphone users.

Previous studies have explained that social media - because of its characteristics - has the ability to be used as a marketing communication tool [18][19][24]. Social media can provide solutions to the high cost of marketing issues such as promotion and various marketing communications in general [33]. In accordance with the situation and conditions of SMEs in general, they live and grow, and do not have marketing planning Structured. Usually, businesspeople of SMEs rely on word of mouth communication, and marketing with conventional media [3]. They do not have the budget to do an adequate marketing communication program. Thus, the presence of social media is very helpful for small entrepreneurs to reach out Market.
Mobile/smartphone can be used as a new media component because with smartphone everyone can access some social networking sites such as Facebook, Twitter, e-mail, Instagram, Pinterest, and so forth. Smartphone capabilities and interaction behavior through these applications are also known as social media terminology [5]. The development of existing technology can make relationships and relationships between humans become more widespread and no longer recognize the boundaries of the region and the country. Then, along with the dynamics of change, the use of computers and the Internet is no longer negotiable. Internet becomes a must especially with the enactment of the free trade era of the ASEAN region known as ASEAN Economic Society.

II. LITERATURE REVIEW

Some of the literature contained in international journals states that in the global era, people are increasingly dependent on information technology and telecommunications. The presence of the internet has changed the face of the world, this phenomenon is also reflected in the business world [29]. Today, the presence of the internet and social networking media has changed people's behavior. Both producers and consumers are increasingly dependent on internet media. Keany even said that in the last 100 years, the faces and forms of traditional stores have not experienced significant changes. But not so with consumer behavior. Nowadays wherever and whenever - especially in big cities - thieves cannot be separated from the gadget. The same opinion is also said by Ivanauskas, which states that the behavior of people who embedded with the media has changed their shopping behavior [16].

Currently, online store and shop have become a common phenomenon, especially in developed countries. The author is interested to examine the phenomenon of the use of social media as a medium to market SME products in Indonesia province. The interesting phenomenon of this research is when the business manager of SME scale in Indonesia which in fact is often said as a marginalized business entity because of lack of government attention, try to defend against strikes of foreign products by using social media as communication medium in marketing their products. The implementation of the MEA makes SMEs faced with a difficult situation, due to the lack of barriers provided by the government in protecting the survival of SMEs.

The phenomenon of widespread use of social media, especially the applications used as a marketing communication medium occurs as a result of the social learning process. SME managers see this phenomenon as an opportunity after they have observed and even experienced themselves when trying to apply the use of social media applications to market their products. Learning theory can explain behavioral changes because of the stimulus of the environment. Positive experience and successful experience in marketing SME products through social media will ultimately strengthen the determination of SME managers to actively seek to maximize the use of social media applications as a marketing communication medium. The environment is strongly influenced by actors who can maximize profits.

The presence of online media is believed to help the marketing of SME products because, with the media, various SME products can be easily introduced and marketed to various regions, even abroad, in a short time and affordable cost.

Today innovation diffusion research has also been used in marketing communication studies. Rogers in his book says that research in the world of marketing and business, in general, has been done with a very progressive. The diffusion approach of innovation in the world of business and marketing is emphasized in the adoption of innovations for new products, new marketing systems and methods and the practice of application of marketing management [11]. Many companies prior to making and marketing product innovations first conduct studies on consumers and potential customers. The company seeks to obtain information on people's purchasing power and their acceptance of product innovation.

In recent years, the use of the internet as a business tool has become clear, since its main feature is to be a medium and a marketplace at the same time. In other words, the media at the same time become the market, because the internet media is the place where the supply side and the demand side can interact only by using the computer, but, at the same time, it is the media because it performs the functions of the company, for example, marketing, Sales, and distribution. The use of social media by SMEs because of the stimulus of environmental changes where the use of Internet and telecommunications technology increasingly dominant in the community. This phenomenon is apparent from existing conditions where today people are getting used to using e-banking, e-mail, online shop, etc. This condition is ultimately responded by the manager of SMEs by using social media as a marketing medium for the marketing of its products.

The development of information technology today has led to a new phenomenon. Individual dependence on internet-based communication media is studied in ComputerMediated Communication theory (hereinafter referred to as CMC). This theory explains the phenomenon of human interaction by using computer and internet technology. One thought in this theory is the concept of social presence. Mass media are able to be psychologically attached (embedded) to individual smartphone users.

Social presence is defined as the property of the media itself: the level of acoustic, visual, and physical contact. This theory assumes that more contact will increase the key component of "presence" in the media; Greater intimacy, closeness, warmth and interpersonal relationships. As a consequence of social presence, social influence is expected to increase. This term is called by Thurlow as "social presence". Communication technology, physical presence can be represented by communication via e-mail, (instant message form more text-based interaction), WA, Facebook, Instagram, Tweetter, and so on.
The use of social media as a marketing communication medium can cut the cost of conventional marketing. However, it does not mean that employers are passive in using social media. To maximize the functionality and advantages of social media, users must actively interact and communicate with other users. In social media terms known as a follower, friend, fans etc. [5].

Furthermore, Luttrell says that in using social media, at least the following efforts are required: (1) Share. Social media managers should be diligent to share information both on products and articles related to product benefits. In addition, social media managers also share updated information about various things that are trends and become a trending topic in social interaction. (2) Optimize. Social media manager must always optimize the network that has been formed, and make the most of it for the sake of business. (3) Manage. Social media managers conduct a series of efforts to organize and plan the use of social media for business purposes. Social media management activities include scheduling to share, upload and engage directly in chat forum (4) Engage. The ultimate goal of a campaign and/or sales promotion is to achieve brand equity. In the management of social media, expected fan, follower, friend, etc., can be a partner in marketing the product. Therefore, in social media, there are two kinds of message sources, namely messages designed and shared by social media managers, and messages that are created and shared by the follower. This condition is highly expected as the pinnacle of successful management of social media as a marketing communication medium.

III. DATA AND METHODOLOGY

The sample used for this study was a convenience sample and the use of convenience sampling has been found relevant in previous studies. The questions in the research instrument were adapted from extant literature. These works were adapted and refined following the research guidelines for replicating existing social media of [5] and online consumer psychology; understanding and influencing consumer behavior in the virtual world business for the research constructs.

The questionnaire used for data collection was pre-tested on a group within the research population in order to reinforce its final administration. However, it must be stated that although the judgment of content validity is subjective, the procedures used in the present research are in accordance with extant research practice. During the pretest, a series of personal interviews were carried out involving relevant academics and professionals in SME's business. As a result of these interviews, certain items were removed from the questionnaire due to the lack of conceptual relevance.

The data for the present study were obtained through a questionnaire administered to a convenience sample of 207 respondents from small and middle (manufacturing and service) SME companies operating in Indonesia. The questionnaires with completion instructions were hand-delivered to respondents. Confidentiality was assured, an incentive for participating in the research (by making the report of the research available to the respondents if they so desired) was promised. The use of incentive has been found to be an excellent method for encouraging participation in this kind of research, especially in a developing country such as Indonesia.

IV. RESULTS

A. Embedded Social Media

Measurements of respondents' opinions about the condition of embedded media, in the theory of innovation adoption Rogers referred to as prior condition. In Roger's theory, the prior state variable is an intervening variable, meaning that this variable appears as an illustration of the conditions underlying the adoption process of innovation. In this research, the variable prior condition consists of four dimensions of variables that include; (1) previous practice (2) felt need/problem (3) innovative and (4) norm of the social system. The results of the research on these measurements can be seen in the table below:

<table>
<thead>
<tr>
<th>No</th>
<th>Variable observed</th>
<th>Loading Factor</th>
<th>Measurement</th>
<th>R2</th>
<th>t-Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Online experience (practice before adoption of innovation)</td>
<td>0.69</td>
<td>Z1 = 0.69 i + 0.18</td>
<td>%</td>
<td>72</td>
</tr>
<tr>
<td>2</td>
<td>Problems of SMEs</td>
<td>0.72</td>
<td>Z1 = 0.72 i + 0.10</td>
<td>%</td>
<td>83</td>
</tr>
<tr>
<td>3</td>
<td>SME Innovation Power</td>
<td>0.69</td>
<td>Z1 = 0.69 i + 0.10</td>
<td>%</td>
<td>81</td>
</tr>
<tr>
<td>4</td>
<td>Community Norms</td>
<td>0.71</td>
<td>Z1 = 0.71 i + 0.23</td>
<td>%</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: Data processed from the results of research.
B. Use of Media Communication Online marketing on SMEs

Implementation stages are the decisive stages after the respondent decides to adopt an innovation. This stage is a crucial stage because it will determine the next attitude towards the adoption of innovation is the stage of confirmation, where respondents will decide to continue innovation or otherwise not continue innovation.

The figure above shows the degree of prediction of model match. The value of x² is 3.04 with significant value of 0.21 and df = 2 and RMSEA 0.05 indicating that the model has a good fit (close fit). That is, the four variable observations that make up the condition variable before the adoption of innovation can be used for the next analysis procedure that is structural equation model analysis (SEM).

Based on the data processing table above, obtained the loading factor value for three manifest variables of latent variable use of social media application (ź). From the table above can be explained that the loading factor to the three manifest variables has a very good value that is between 0.81 to 0.90, much higher than 0.50. This figure indicates that the three manifest variables are good indicators to form latent variable of social media application usage as marketing communication media. The t-count value of the three manifest variables, as shown in the table is more than 1, 96 so it can be said that the three variables are meaningful in measuring latent variable of social media usage as media of marketing communication of SME product Z3).

Table 2.
MODEL MEASUREMENT OF SOCIAL MEDIA APPLICATION USE IN SME MANAGERS

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable observed</th>
<th>Loading Factor</th>
<th>Measuremnt Model</th>
<th>R²</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Social Media Objective</td>
<td>0.90</td>
<td>Z₉ = 0.90 ₀ + 1₀</td>
<td>20.20</td>
<td>t = 0.90</td>
</tr>
<tr>
<td>2</td>
<td>Communication Messages Through Social Media</td>
<td>0.90</td>
<td>Z₁₀ = 0.90 ₀ + 1₀</td>
<td>20.20</td>
<td>t = 0.94</td>
</tr>
<tr>
<td>3</td>
<td>Social Media Applications (FB, WA/BBM, Twitter, Instagram)</td>
<td>0.81</td>
<td>Z₁₁ = 0.81 ₀ + 0.02</td>
<td>17.55</td>
<td>t = 0.90</td>
</tr>
</tbody>
</table>

Source: Data processed from the results of research

Reliability of each indicator can be seen in the above table from the value of R². In the table can be seen that the purpose of communication (Z₉) and communication messages through social media (Z₁₀) has the same R² is 0.90. With a large R² = 90%, it implies that the two manifest variables each contribute 90% to the social media implementation variables as the marketing medium of SME product marketing (ź), while the remaining 10% is explained by measurement error. Furthermore, for variant implementation variables of social media applications has the largest R² 0.81. This implies that 81% of variables of social media implementation can be explained by variants of social media implementation variables. The remaining 19% is explained by other variables.

Furthermore, the combined reliability measure for the three observed variables in the implementation variable of the social media Z₃) as the intermediate variables in the innovation adoption process can be seen from construct reliability. From the table above, the Construct reliability of the three latent indicators of social media implementation variables is 0.94, greater than the recommended 0.6-0.7. This means that the four latent indicators of social media implementation variables have excellent reliability. The value of the extracted variance of 0.90 has the meaning that 90% of the information contained in the variable of manifest variables to the three indicators can be represented in the latent variable of social media implementation. The figure below shows the model of measurement of latent variables and their indicators with the loading factor and error values.
Figure 2 Measurement Model of Social Media Implementation as Media Communication of SME’s Product Marketing In Indonesia

The figure above shows the prediction of the degree of suitability of the model. From the results of the above Lisrel’s output, it can be seen that all constructor construct indicators of social media implementation as a medium of communication of SME product marketing very well. The three manifest variables have a loading factor above 0.05, so can say that all indicators are valid. Value $X^2$ of 0.000 with a significant value of level 1.0 and df = 0 and RMSEA 0.00 indicating that the model has a good fit. This means that the three indicators forming the latent variable characteristics of SME managers as shown in the figure can be used for the next analysis procedure, namely the analysis of Structural Equation Model (SEM).

C. Readiness of SMEs in the face of free trade

The phenomenon of cyber communication has led to changes in patterns of interaction and communication. These changes also affect the business world. Marketing products/services not only use conventional communication media that has been done by producers and marketing personnel. The current marketing concept has shifted to respond to the challenge of change. They combine conventional marketing media with social media. In the era of communication with the use of cyber, the mindset of business people changes, from product marketing orientation to orientation to build a network for marketing products. The established communication network is a highly rated asset for its business continuity. To operationalize this consumer behavior variable online, used the questionnaire as a research instrument. There are three indicators to form online behavioral consumer variables, namely: (1) consumer investment, (2) consumer intention to make purchases of products/services, and (3) confirmation. These three indicators are used as manifest variables which are then described operatively by breaking them down into some questions as research instruments.

### TABLE 3

<table>
<thead>
<tr>
<th>No</th>
<th>Variable Observed</th>
<th>Loading Factor t-Count Model</th>
<th>R2 Calculated</th>
<th>Variance Extracted</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consumer Investment</td>
<td>Y1 = 0.80 i + 0.00</td>
<td>10</td>
<td>20.24</td>
<td>Contract Reliability % = 0.84</td>
</tr>
<tr>
<td>2</td>
<td>Online (Intention to online purchase)</td>
<td>Y2 = 0.85 i + 0.00</td>
<td>0</td>
<td>20.27</td>
<td>Variance % = 0.84</td>
</tr>
<tr>
<td>3</td>
<td>Konfirmasi (Confirmed/Continued)</td>
<td>Y3 = 0.72 i + 0.48</td>
<td>52</td>
<td>11.98</td>
<td>Variance d % = 0.94</td>
</tr>
</tbody>
</table>

Source: Data processed from the results of research

Based on the data processing table above, obtained the value of loading factor for the three variables observation of latent online consumer behavior variable (£) can be explained that the loading factor of the three manifest variables has a good value that is between 0.72 to 0.85, higher than 0.50. This figure shows that the three manifest variables are good indicators for forming latent variables of online consumer behavior. The t-count value of the three manifest variables, as shown in the table is more than 1, 96 so it can be said that the three variables are meaningful in measuring the latent variable of online consumer behavior.

Reliability of each indicator / manifest variable can be seen in table 4.2.2.6 from R2 value. From the table, it can be seen that the intention of buying through online media (Y2) and consumer investment R2 is great. With a large R2 = 85%, variable consumer intention to buy through online media contributed 83% to variants of consumer behavior. While the remaining 15% is explained by measurement error. Likewise, with consumer investment. The largest R2 value of 0.80 means that the consumer investment variable 80% of the consumer behavior variable and the remaining 20% is the measurement error. On the confirmation variables, that is the choice of respondents to continue innovation or stop innovate obtained

Furthermore, the combined reliability measure for the three observed variables in online consumer behavior. Meaning these three latent indicators of online consumer behavior condition variables have excellent and consistent reliability for online behavioral variables. The figure below shows the model of measurement of latent variables and their indicators with the loading factor and error values. In this figure is shown that the result of loading the biggest factor is the intention of consumers to buy products/services online.
The figure above shows the prediction of the degree of suitability of the model. From the above Listel's output results, it can be seen that all constructor indicators of online consumer behavior constructs have loading factors above 0.05, so can say that all indicators are valid. The value of $x^2$ is 21.69 with a significant level of 0.0 and $df = 1$ and RMSEA 0.317 indicating that the model has a good fit. This means that the three indicators of latent variable latent characteristics of SME managers as shown in the figure can then be used for further analysis procedures, namely the analysis of Structural Equation Model (SEM).

IV. CONCLUSION

Knowledge of SME managers to social media both physical form and its application, their familiarity against smartphone is the first step of innovation adoption process. Initial information and its use in daily activities and its use to market SME products is a starting point to get to the next stage of adoption is the stage of persuasion. In behavioristic perspective, knowledge is derived from the learning process (Branan, 1995). According to Thorndike learning is an event the formation of associations between events called as stimulus and response. As the world changes, the development of information technology has changed the behavior of individuals and society is a stimulus that must be addressed immediately. The progress of information technology is a sign of the changing times. In social learning theory, this phenomenon is known as the stimulus of the environment. Every behavior arises as a result of changes in the environment.

Broadly speaking, respondent's attitude of SME managers to social media is very positive. They say they are interested to adopt media because social media is considered to have "consumption value". Terence A. Shimp in his book entitled advertising and promotion; Says that a product/service/idea is adopted because it has a usability value (Shimp 2003; 17). Consumers and potential consumers before deciding to adopt or consume a product, he will consider the benefits that can be derived from the product/service/idea. The use of embedded smartphones ultimately affects their behavior patterns, both in interactions, communications, economic transactions and other lifestyles. This condition has forced the business actors to immediately clean up due to changes in consumer behavior. Currently, the generation of X and many generations of Y especially in big cities such as in Jakarta, Bogor, Tangerang, Depok and Bekasi (JABODETABEK) have used smartphones as a means to conduct economic transactions.

In the view of Shimp (2003: 129) groups of children and adolescents is an earning power that has a major impact on personal and household purchases. Apparently, SME entrepreneurs are aware of this phenomenon. Generation Y is a generation that is very attached to the gadget and dependence with the internet. So now the respondents SME managers are increasingly aware that using online media is not an option but a necessity because of the demands of the global environment. Social media is a technology that can answer their problems. In this context, social media as a marketing communications medium has conditional value and should be adopted and implemented.

ACKNOWLEDGEMENTS

The author would like thank to Ministry of Research and Higher Education who has funded this research.

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