

# Analysis of E-Commerce Communication Strategy in Diffusion of Innovations Process (Case Study in Community SME *Belimbing Depok*)

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## Abstract

E-commerce business in Indonesia has developed quite rapidly by prioritizing their respective advantages. E-commerce platforms can also be categorized into online-based innovation products that can be utilized by the sellers to expand their business online. E-commerce offers a variety of convenience in the process of selling transactions. Distance is no longer a significant obstacle because all can be connected through the internet. Groups of Small Medium Enterprises (SME) should also be able to get the positive impact of e-commerce platforms. Therefore, e-commerce companies, as products of innovation, must be able to create an appropriate marketing communication strategy so that SME can adopt this innovation quickly. Based on the positivism paradigm, this study aims to determine the process of innovation adoption on marketing communication strategy in e-commerce which is an online-based innovation product. This study also uses a qualitative case study approach to explain the phenomenon. This study was conducted by collecting data or information directly from individuals through in-depth interview supported by observation. The result of this study indicates that the presence of e-commerce platforms can encourage the creation of innovation adoption for SME. In addition, e-commerce companies have specific marketing strategies to encourage the diffusion of innovations process more quickly in SME groups. Thus, SME products can be recognized and marketed widely through online and self-managed by SME.

*Keywords:* E-Commerce; Small Medium Enterprise; Marketing Communication; Diffusion of Innovations;

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## 1. Introduction

Buying and selling activities through internet or e-commerce is now getting great attention because of its growth potential can have great impact on the Indonesian economy. The rapid growth of transactions through e-commerce takes place in China, surprising industry players all over the world. Not only that, China is able to defeat the United States in e-commerce business. In fact, Alibaba which is one of the largest e-commerce in China able to penetrate the United States market dominated by Amazon and eBay. Looking at the growth of e-commerce in China, Indonesia as a country where its demographic and consumer behavior is not much different from China can apply e-commerce system in the country. The development of e-commerce in Indonesia is quite promising, marked by the increasing use of e-commerce in Indonesia (DailySocial and Veritrans, 2012). The use of internet in business transactions has been regarded as an important thing, it is marked by the increasing number of sellers who began to market and make transactions online.

Internet usage for business transaction activity is known as Electronic Commerce (E-Commerce). E-commerce can occur between business organizations and consumers, including the use of Internet and the World Wide Web for the sale of products and services to consumers (Doolin, et al., 2005). Website in the form of e-commerce is a requirement of today business for business development because there are various advantages possessed by e-commerce. Among them are the buyers do not need to come directly to real store to choose goods to be purchased so as to save costs and for sellers, they can conduct transactions for 24 hours. In addition,

sellers can save the cost of promotion and have more extensive market reach. According to McLeods (2008: 59), e-commerce is the use of communication networks and computers to carry out business processes. Business can be run without having to collide on state borders due to the existence of digital technology. Operational costs can be suppressed as little as possible. Speeds up the processing time and reduce the risk of human error.

In line with the concept, the success of e-commerce in China is inseparable from the role of Small and Medium Enterprises (SMEs) and Small and Medium Industries (SMIs), which began to grow from conventional stores into online stores on e-commerce. SMEs in Indonesia also experienced fairly rapid development. Based on data from the Central Bureau of Statistics, in 2015 there were 55.2 million SMEs in Indonesia and the number continues to grow annually. However, this growth is not followed by the contribution of SMEs in Indonesia to the global supply chain which was only 0.8% in accordance with the data released by the Ministry of Industry in 2016. In addition, there are still many SMEs that have not been optimal in exploring their business potential. As many as 90% of the population of SMEs throughout Indonesia run only in offline field. In fact, online business can be an alternative in improving the marketing of SMEs products. This is based on Markplus Insight research in 2013 shows that 74.6 million internet users in Indonesia, 20% of them do online shopping. Coupled with the quite rapid development of e-commerce in Indonesia, it can be utilized by SMEs in marketing their products widely. E-commerce offers short-term and long-term benefits. This electronic trading not only opens up new markets for products offered and gets new customers, but it also makes SMEs easier to do their business.

E-commerce is a new technology in the process of buying and selling online, and the introduction process of this new technology known as innovation diffusion. Not an easy thing for sellers and buyers who are used to selling their products offline, to switch into online. It needs continuous understanding and training so that message to be conveyed can be well received by the targets, especially SMEs. The risk-averse behavior of unsuccessful in attempts to apply such new technologies is a commonly responsive form when individuals or groups in a complex system are confronted with a major change. Such a condition is called techno-change, which is a condition of a significant transformation associated with the workings using new information technology, which can often lead to the emergence of concerns and uncertainty for potential users (Bruque, 2009: 54). However, all of that can be overcome by training on the technical use of e-commerce applications intensively. Appropriate provision and exchange of information are conducted with the aim that SMEs are willing to adapt and work to improve their resources, to finally be able to accept and decide to use e-commerce platform as a new technology to sell online. Such a process is part of Rogers (1995: 5) concept related with innovation diffusion, a process whereby an innovation is communicated over a channel and within a given time period to members of social system. The process of innovation diffusion occurs through various stages that occur sequentially, an innovation is communicated to be known, then the information develops and influences other audiences to be interested in further, until in the end they are willing to adopt, apply and confirm their experience to public who also adopted it.

One of the interesting things to look at in the context of this innovation diffusion is how SMEs entrepreneur openly absorb new technologies that support their business. E-commerce platform which is quite aggressively promote SMEs products is BLANJA.com. This joint venture company between Telkom Indonesia and eBay is the only e-commerce in Indonesia coupled with the Ministry of SOEs in integrating the digitization of Micro Small Medium Enterprises (MSMEs) business partners of all BUMNs. Gained the trust, BLANJA.com has marketing communication specialized in marketing SMEs products. The process of innovation diffusion in the introduction of e-commerce platform is not always able to run smoothly. In this case, e-commerce company can not run by themselves, but also require support and cooperation with various parties to help convincing prospective adopters that the platform offered can be useful for them. Including SMEs who became early adopters and have decided to adopt the platform offered. When SMEs entrepreneur disseminate information related to the program to other actors, this may affect the decision-making process of adoption itself. The process of disseminating and exchanging such information creates a certain pattern of communication and interaction that ultimately forms a network whose members consist of SMEs practitioners around the area. Rogers (1995: 35-36) suggests that there are four elements of innovation diffusion. Diffusion is defined by Rogers as a process of innovation communicated through certain communication channels, within a certain timeframe, and occurs among members of a social system. The four main elements are:

- Innovations (ideas, actions or things) that are considered novel by someone. In this case, the process of buying and selling via e-commerce is considered new by sellers or buyers who usually make transactions through conventional stores.
- Communication channels are means to deliver innovative messages from sources to recipients. E-commerce as a manufacturer prepares a variety of communication channels in more quickly, precisely, and efficiently way to address recipients of SMEs communities.
- Duration is the process of innovation decision from the beginning of someone knows it until he decides to accept or reject it.

- Social system is a collection of functionally different units and bound to work together to solve problems in order to achieve common goals.

One of elements on innovation diffusion is communication channels. According to the above theory, communication channels in innovation diffusion process consisting of mass media channels and interpersonal channels. Mass media channels are more effective at creating knowledge about innovation, while interpersonal channels are more effective at shaping and changing behavior over innovation. E-commerce requires communication that can change the behavior of sellers from selling products in conventional stores to selling products at online stores. According to the above description, interpersonal channels are considered more effective for changing behavior. So, the more effective communication medium to change the behavior of the seller, especially within SMEs community, is through interpersonal channels by conducting various training to SMEs.

In a study conducted by Sebastian Bruque (2009), it is said that there are two types of roles in social network, namely supportive and informative roles. The supportive role refers to anything that encourages and contributes either materially or mentally, thus creating a certain accomplishment. Informative role fundamentally refers to an ability to efficiently produce, process and apply knowledge based on information (Castell, 2000). Both of these factors also determine the quality and adaptability of SMEs entrepreneur with innovation faced. The amount of support provided by the community and e-commerce company to SMEs in Depok area is seen from the intensity and frequency of information exchange that occur. It can help in predicting whether members of SMEs are able to adapt or not to the innovations they face.

Given phenomenon that occurs in the community of Belimbing SMEs in Depok which is facing an innovation with high level of complexity and not all SMEs entrepreneur are technology and internet literate. This study is not a communication network study that analyzes the communication structure and position of actors within the structure (Eriyanto, 2014: 36). The term network referred to in the study is used as a concept to facilitate the author to explain the existence of consistent communication between SMEs fellow actors who are members of the community of Belimbing Depok SMEs. This study uses innovation adoption theory as a reference in explaining the adoption decision process. Rogers (1995) says that the inherent character of innovation also affects the slow pace of society in accepting innovation. The more complicated the character of innovation encountered, the more difficult and inappropriate it will be considered for prospective recipients which results in rejection. Conversely, the more it is considered to bring benefits, the more innovation will be adopted. This is a condition of significant transformation associated with way of working with new information technology, which can often lead to the emergence of concerns and uncertainties for potential users (Bruque, 2009: 54). To know what factors have roles and contribution in decision making process of SMEs community of Belimbing Depok who able to create the decision change of SMEs entrepreneur who initially were not so interested but later accepted innovation of selling online in e-commerce. Based on pre-research conducted, the author saw a tendency to change the decision after SMEs community communicates with other SMEs entrepreneur which then form the network of SMEs community, hence the author composed this paper with the aim to analyze communication strategy of e-commerce marketing and SMEs community in determining the decisions of adopting innovation, especially innovation in the field of online trading.

## 2. Methodology

The research methodology is a way or path taken by a researcher to understand an object of study or a way to make a knowledge more scientific (Neuman, 2006).

### 2.1 Research Paradigm

This research uses constructivism paradigm. Patton (2002) explains that constructivist researchers study the multiple realities constructed by individuals and the implications of such constructs for their lives with others. In constructivism, each individual has unique experiences.

### 2.2 Research Approach

This research tried to explore how the role of SMEs community network in adopting decision of online selling innovation through e-commerce platform. This study used a qualitative approach because as described in innovation diffusion theory that there are many factors that influence a person to make decisions in innovation, including the availability of information and support from the surrounding environment. Therefore, by using a qualitative approach, the author would be more flexible in capturing information in depth from informants in accordance with what was happening in the field. Furthermore, the

author used case study qualitative descriptive approach to explain the phenomenon under the study. The objectives of the research by using case study strategy is to collect information comprehensively, systematically, and deeply about a case (Patton, 2015). The superiority of case studies according to Lincoln and Guba in Mulyana (2003: 201), are it is able to present a comprehensive description and contains a high level of trust. According to Denzin and Lincoln (2009: 301) there are three types of case studies, namely: (1) Intrinsic case study, researcher want to understand more about a particular case. The case study is not performed because they represent other cases or illustrate a particular problem. However, because it contains interesting things to observe. The objective is due to the intrinsic interest in a particular program. (2) The instrumental case study, used to examine a particular case in order to present a perspective on the issue or improvement of a theory. Here the case is not of major for researcher but it eases to understand something else (external interest). Cases are usually scrutinized in depth, the context is thoroughly reviewed, and its daily activities are detailed to reveal the external motives of a case. The selection of cases is performed to increase and expand researcher's understanding of other cases. (3) Collective case study, conducted when researcher is less interested in researching a particular case, so he decided to examine several cases simultaneously to study phenomena, population, or general conditions. This case study requires individual cases in a set of cases that have common characteristics. In this study, the type of case study used is an instrumental case study because it uses cases to understand certain theories. In addition, strategies of case study can explain the phenomena from various perspectives through triangulation methods by interviewing the e-commerce company.

### 2.3 Unit of Analysis and Response Unit

The unit of analysis was formulated by researcher based on the innovation diffusion model theory presented by Rogers (1995). Meanwhile, the response unit is an informant who has the understanding and experience related to information required by researcher. The table below shows the unit of analysis and response unit in this study.

**Table 1. Unit of Analysis and Response Unit**

Unit of Analysis	Response Unit
Communication process of innovation adoption in SME community	<ol style="list-style-type: none"> <li>1. Head of Seller Development of BLANJA.com</li> <li>2. Founder of SMEs Community of Belimbing Depok</li> <li>3. SMEs entrepreneur who are members of Community SME of Belimbing Depok</li> </ol>

### 2.4 Data Collection Techniques

In this study, data collection techniques were adjusted to the needs of the author. For primary data, the author conducted in-depth interviews directly with informants. As for secondary data, the author joined the seminar or training activities conducted by SMEs. Hennink (2011: 109) defines in depth interview as a data collection technique involving interviewer and informants in a discussion of specific topics conducted deeply in order to achieve certain goals. This technique has unique characteristics because of its flexible nature, if interview process can run well, then the process will feel like daily conversation, so information needed by researcher can given away by informant. Based on the above description, the author used data collection technique of in-depth interview where informant were chosen to know the communication adoption process of innovation in the SMEs community.

## 3. Result

Based on the research findings, it can be said that there is a marketing communication strategy undertaken by the e-commerce company and SMEs community through the process of innovation adoption. The process of adopting this new innovation through several stages in advance, before finally deciding to follow the program or not. This stage is in line with Rogers' (1995: 171) innovation-decision process theory, there are five stages of activity that explain an adopter going through them before deciding to accept an innovation, namely the stages of knowledge, persuasion, decision-making, implementation and confirmation.

### 3.1 Stage of Knowledge

Stage of knowledge begins when individuals or groups receive information about the existence of an innovation. So, targets realize that there is innovation offered to them. This is an early stage of adoption decision process, where at this stage of knowledge targets are still passive and are limited to receiving information only. The information received is still fundamental, including innovation's profile, benefits,

risks, and how the functions and application procedures of innovation. People tend to be passive in something they do not recognize, but are active in the things that interest them, or things they need. This is called selective exposure. Hassinger (1959) in Rogers (1995) argues that people rarely receive exposure to information about anything new, unless they feel the need for innovation. Stage of knowledge in this study began since the election of SMEs to be fostered. The community of Belimbing SMEs is SMEs from PT. Telkom Indonesia in Digital SMEs Village program. Then, BLANJA.com as the e-commerce company under the auspices of Telkom provides knowledge in the form of training to Community of Belimbing SMEs. This stage of knowledge can not be separated from the communication process in it. Kotler and Armstrong (2008: 122) suggest the existence of nine elements of communication. Four of them are sender, medium, receiver and message. Knowledge here include in delivered message process. The process of communication in the adoption of innovation on SMEs can be explained by the following table:

**Table 2. Communication Process in Innovation Adoption**

Message Sources (Information)		Receiver
Level 1	Level 2	
<b>BLANJA.com</b>	Community SME Belimbing	SMEs entrepreneur
<b>Local Government</b>	-	SMEs entrepreneur

In this study, the stage of knowledge occurs through various ways such as socialization, seminars, workshops, bazaars, and other trainings. E-commerce company, in this case BLANJA.com, routinely provides trainings to SMEs on how to sell online in various regions. In addition, the local government is also actively providing counseling on business licensing and other supporting information to sell online. Not only that, the SMEs community of Belimbing Depok, which is a community gathering of SME actors in the area of Depok, also actively provides knowledge about selling online. This community actively conducts training to access e-commerce seller center, facebook utilization to sell and how to pack product well. So, the SMEs community of Belimbing Depok can also said as a source of information that gives information at level 2.



**Figure 1. Activities of Selling Online Introduction Training**

### 3.2 Stage of Persuasion

Stage of persuasion takes place in the psychological level of prospective adopter, psychologically prospective adopter gets attracted to innovation and begins to seek more information about the innovation (Rogers, 1995). Once knowledge of information is received he will interpret the information and create a separate perception. Environmental perceptions of the innovations offered also influence perceptions of prospective adopters, so it can be said that when the environment around prospective adopter process a positive perception of innovation, the same tendency will emerge for the prospective candidate. In accordance with this stage, e-commerce company has a communication strategy by targeting the community first. Later, the community as the closest part will affect other SMEs. The SMEs community of Belimbing Depok often publish in social media about the success of SMEs who have joined in online business. Not only that, this community also actively conducts regular training and keeps up with the latest information. This makes other SMEs interested in trying online business, see other SMEs can gain benefits greatly from online selling. This is of course also influenced by the surrounding environment which is positive about the adoption of this innovation.

### 3.3 Stage of Decision-Making

Stage of decision-making occurs when an individual or prospective adopter is involved in a process in which the process leads to an action in determining the choice to adopt or reject innovation (Rogers, 1995). The way that can be done to deal with the uncertainty and consequences of innovative programs offered is to understand and partially try innovation first. It aims to create a direct experience of innovation, usually obtained through demonstrations practiced by those who propagate the innovation. Demonstration is considered as an effective way of influencing individual decisions, especially when ones who demonstrate it are opinion leaders (Magill and Rogers, 1981). Basically, every stage in decision-making process has the potential to generate rejection. Rejection may occur during the stage of knowledge, after getting information and aware of the innovation existence, a moment later audiences who are given the knowledge could just forget about it or the more they know it the more they think it is difficult to apply. Seeing this condition, BLANJA.com creates a marketing communication strategy by working with opinion leaders or people who are close to the society (SMEs entrepreneur). This is done so that SMEs who receive information and training will not be shy or embarrassed to ask because ones who teach and give information are people they know. In Depok area, there is SMEs community that actively provides online training, such as:

- Computer and internet use training  
Training is the foundation for SMEs to understand before starting an online business. SMEs should understand how to operate computers and how to use internet. When a business is operated through online, all systems will be automatically operated via the internet. This training is routinely conducted by SMEs community of Belimbing Depok to reach its goal.
- Online business training  
SMEs entrepreneur will be taught to be creative and persistent online sellers. SMEs of Belimbing Depok will teach how to sell via e-commerce platform, facebook, and instagram. Not only that, SMEs are also equipped with information about great product photos, proper packaging and business licensing. Thus later, SMEs entrepreneur will be incorporated in this community can sell products with good quality.

In this research, most informants statements indicated decision to adopt the innovation, if at first some SMEs entrepreneur refused to adopt because it is considered complicated and they are quite satisfied with their results of offline selling but however in the end. most of SMEs entrepreneur in Depok area chose to improve their ability and desire to learn so they are able to participate in the scope of this online business.

### 3.4 Stage of Implementation

At stage of implementation, adopters begin to use innovation while learning more about these innovation. The degree of uncertainty about innovation still exists within the individual or adopters when using the innovation, although the decision to adopt has been made before. Based on the findings in this study, the stages that show the stage of implementation is seen from the process of account creation in e-commerce which is the first step of making an online store. Seeing the enthusiasm of SME actors after getting information about online stores followed by desire to have an online store, followed by product photos and upload process to the e-commerce platform. At this stage of implementation, SMEs have decided to accept or reject the adoption process of selling online. To reach this stage, the conditions are also varied, there are SMEs who from the beginning decided to accept the online business as an expansion of their existing offline business, there are SMEs who from the beginning refused to sell online, there are SMEs who initially had refused but then accepted after getting various encouragement (persuasion) and support from various parties especially from fellow actors of SMEs in Depok area.

### 3.5 Stage of Confirmation

In this stage of confirmation, an adopter seeks to reinforce the already made decision about an innovation (Rogers, 1995). But it does not close the possibility that an adopter may change his mind at this stage. Throughout this stage of confirmation an adopter will avoid dissonance state or minimize it if it occurs. BLANJA.com and the selected community will conduct a stage of confirmation to SMEs entrepreneur, asking for readiness to sell online. Both in terms of product availability and access ability to seller center at BLANJA.com. In addition, another thing that needs to be confirmed is the readiness for process of product shipping with the right packaging, due to online selling will allow everyone from different regions to purchase the product. Therefore, SMEs should be prepared to face unexpected orders from various regions.

#### **4. Discussion**

The process of communication in the adoption of innovations is a process that must be done by the parties incorporated in this system. An innovation can be accepted by others whenever the communication is accomplished and supported by the surrounding environment. It's not that easy to adopt a new innovation, especially when the complexity level of technology is also high. It is also one of the concerns of SMEs community in Belimbing Depok when decided to participate in training SMEs entrepreneur in Depok area. Through stages in the process of decision-making in adopting innovation, SMEs entrepreneur who are members of SMEs community of Belimbing Depok has accepted this new innovation, even those who rejected it at the beginning slowly began to change their minds and turn into online stores.

#### **5. Conclusion**

Based on the results of the analysis and discussion from data obtained via interviews with informants and secondary data about the communication process in the adoption of innovation of SMEs community, the following conclusions can be drawn:

- BLANJA.com, SMEs Community of Belimbing, Local Government of Depok City and SMEs entrepreneur have conducted five stages of innovation adoption decision process, namely knowledge, persuasion, decision making, implementation and confirmation
- The adoption process by cooperating with the community is sufficiently effective to eliminate the gaps between information providers and information receivers. SMEs entrepreneur will be more freely accepting information if information providers are people they know and there is emotional closeness between information providers and receivers.

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