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**COULD INDONESIAN RETAILERS SURVIVE THE CIRCULAR ECONOMY ERA WITH SUSTAINABLE MARKETING EFFORTS? BUILDING UP A CASE STUDY FOR THE USE OF DIGITAL MARKETING AT THE TIME OF THE CORONAVIRUS ENDEMIC TO INCREASE CUSTOMER SATISFACTION**

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**Abstract**

Coronavirus still becomes a threat to everyone nowadays, besides the vaccine that has been injected three times. Some people in Indonesia still catch its variant, Omicron. The present paper uses the quantitative research method, particularly observation and document collection. This sort of technique is often used by a scientist who wants to know the background of the future research that would take place in the future and if it is feasible to actualize it to long-range term research. Whether or not Digital Marketing could help Indonesian retailers achieve customer satisfaction becomes a central issue in this paper. The paper concludes with the problem of online privacy that becomes a number one threat when an individual (in this case, a customer) uses their devices to access the Internet.

**Keywords:** coronavirus endemic, retailer, small medium enterprise, digital marketing, customer satisfaction, privacy, Indonesia, Indonesia's gross domestic product, industry revolution 5.0

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## **1. INTRODUCTION**

Coronavirus is still there, yet its effect is not as severe as before. In the time of the Coronavirus endemic, the sectors that were most affected by the Coronavirus pandemic are SMEs or small and medium enterprises, and retailers such as retail stores or convenience stores are included in this criterium. This crisis is different from the economic crisis that hit Indonesia in 1998 where the SME sector was the most resistant to the crisis. On average, after the coronavirus pandemic, there was a decline in sales of 94.69% of SME business units. The number of SMEs in Indonesia as of 2018 was 64.199 million business units contributing 99.9% to the total national business units, absorbing 120.598 million jobs, contributing 97% of the total national employment, and generating gross domestic product (GDP) at a current price of IDR 8,573,895 trillion which contributes 61.07% of total GDP. Due to the very large number and value of transactions, the decline in sales of the SME sector due to the Coronavirus pandemic has significantly impacted national economic growth.

The present paper uses the quantitative research method, particularly observation and document collection. This sort of technique is often used by a scientist who wants to know the background of the future research that would take place in the future and if it is feasible to actualize it to long-range term research. Therefore, after this paper has been published, it is hoped that any critiques and commentary would give us a stimulus to devise a sound and better plan that not only adhered to what the project needed but fulfilled the need and want of an investor or the specific characteristics that the actor (in this case retail store or convenience store had in common).

## **2. ANALYSIS**

The contribution of the retail sector as part of the SMEs to national development can be seen from the components contributing to Indonesia's Gross Domestic Product. In 2021, Indonesia's GDP was supported by the manufacturing sector (19.88%), agriculture, forestry and fisheries (13.70%), Wholesale and Retail Trade, Car and Motorcycle Repair (12.93%), Construction (10%), excavation and research (6,44%). In the manufacturing industry, the food and beverage industry contributed 34.45% of the manufacturing industry portion. Meanwhile, the agricultural sector consisting of plantation crops, food crops, and fisheries contributed 26.50%, 22.41%, and 20.43%, respectively. The wholesale and retail trade sectors with a contribution of 81.97%. The mining sector is dominated by oil, gas, and geothermal (33.36%) and coal (28.42%).

Meanwhile, in terms of employment, the forestry and fishery sector contributed significantly to the absorption of labour by 29.76%, wholesale and retail trade by 19.23%, processing industry by 13.61%, amounting to 6.28 %, education by 4.63%, transportation and warehousing. by 4.35%. Meanwhile, from the number of business actors, the agriculture, forestry, and fishery sectors dominate, with the number of business actors reaching 18.51 million (14.41%) and wholesale and retail trade 14.09 million business actors or 10.97%.

In terms of GDP expenditure, household consumption occupies the highest position at 57.66% which is divided into Food and Beverage (23.78%), Transportation and Communication (11.64%), Housing and Household Equipment (7.69%), Restaurant and Hotel (5.53%), health and education (4.23%), clothing, footwear and care services (2.05%) and others (2.75%).

However, when SMEs particularly retailers generally need to work on adapting and winning the competition, it is feared that the number of SME actors will decrease. The industrial revolution 4.0 has been running and moving fast with various changes in behaviour and business patterns. Application-based services include online motorcycle taxi applications, online food and beverage business, online delivery service, distance learning, fintech, e-government services, and so on. In terms of efficiency, industry 4.0 may have produced some efficiencies. However, the development of the industrial revolution 4.0 can also lead to many jobs and the birth of new jobs. It is estimated that around 51.8% of the potential employment opportunities in Indonesia will be lost and replaced by online-based business and buying and selling activities.

Seeing the role and contribution of SMEs to the Indonesian economy has led the Indonesian government to strive to increase the competitiveness of SMEs. This is because SME businesses are businesses that are vulnerable to business movement. Therefore, the Indonesian government has a severe concern about improving the competitiveness of SMEs so that they can advance from micro to small and from small to medium. Therefore, efforts and strategies have been carried out starting from efforts to simplify regulations through the omnibus law approach, to how SMEs can compete in the era of the industrial revolution 4.0. It is believed that the 4.0 industrial revolution will change the microeconomic order.

These changes can take the form of the use of digitization, automation, and the use of intelligence in economic activities. Of course, these innovations and practices will result in speed and convenience from the consumer side. However, if micro and small businesses stutter and fail to adapt and have competitiveness, it is feared that the number of SME actors will decline. On the other hand, the industrial revolution 4.0 has worked and is moving fast with various changes in behaviour and business patterns.

The presence of SMEs via the Internet termed as Digital Marketing to reach their customer, have proven to help in this matter. Other application-based services that include online motorcycle taxi applications, online food and beverage businesses, online delivery services, distance learning, fintech, e-government services, and so on have grown and are now used daily by Indonesians. In terms of efficiency, industry 4.0 may have produced several efficiencies. However, the development of the 4.0 industrial revolution can also cause the loss of many jobs and the birth of new jobs. It is predicted that around 51.8% of job potential in Indonesia will be lost and replaced by online-based business activities and buying and selling.

This condition is certainly a problem in itself when faced with the condition of retailers' competitiveness in Indonesia. Retailers' and SME problems in Indonesia are believed to be related to competitiveness. This can be seen in Law No. 20/2008 that the government has high attention to building a good business climate. The strategy developed is to improve regulations relating to the aspects of funding, facilities and infrastructure, business information, partnerships, business licensing, business opportunities, trade promotion, and institutional support.

For marketers who want to sell a product or service, it is essential to understand consumer behaviour. Success in creating demand is inseparable from success in understanding consumer behaviour. Consumer behaviour is the behaviour people show in planning, buying, and using economic goods and services. Marketers are obliged to understand consumers, know what consumers need, what consumer tastes are, and how consumers make decisions.

Motivation is one of the factors that influence consumer behaviour; motivation is an internal drive (or need) that moves someone to make a purchase action to satisfy two types of desires, namely core desires and secondary desires. Consumer purchasing decisions are influenced by three perspectives, namely: rational perspective, experiential perspective, and behavioural perspective. Marketing is the process of identifying consumer needs and convincing consumers that they need these goods and services, understanding consumer behaviour well will help marketers develop appropriate marketing strategies.

The coronavirus endemic has caused changes in social behaviour globally. The coronavirus endemic, especially after the implementation of social restrictions (lockdown) policies in various countries in Indonesia known as Large-Scale Social Restrictions, has caused sudden social changes. Social change was then followed by consumer behaviour changes reflected in purchasing decisions. Social restrictions (lockdown) policies in various countries have caused shocks to consumer loyalty behaviour due to supply chain disruptions so that product brands that are always chosen by consumers are difficult to find; during an endemic, consumers will try products with different brands, which is the main driving force for consumers to try various brands in addition to value and quality; product availability.

In the period before the coronavirus endemic, from a rational perspective, rational consumer purchasing decisions will carefully consider, the price aspect, as well as the best features and services of a product, will be the main consideration in purchasing decisions. From an experiential perspective, the buying considerations are based on unique experiences such as watching a movie, consumers going to the cinema, or listening to music, consumers will prefer to listen to singers live at a music concert. Consideration of purchasing decisions from a behavioural perspective is a response to environmental influences. For example, to enjoy food and drink, consumers prefer to go to a restaurant or cafe because they want to enjoy a calm and comfortable atmosphere or sit longer while working and meeting business partners.

During this coronavirus endemic, the perspectives above have changed; purchasing decisions during the endemic is more based on functional aspects. According to research conducted, many consumers around the world continue to experience a decrease in the priority of attention to home needs and equipment. Consumers will be more careful in considering each purchase decision stage due to the associated health risks and social distancing situations. In various countries, consumers decide where to shop by determining which applies health safety standards.

The coronavirus endemic has led to a new normal of life. In the new regular order of life, under the pretext of avoiding physical contact that poses a risk of coronavirus transmission, consumers prefer to make purchases online. Anxiety about the exposure effect of directly meeting other people in public spaces causes people to tend to avoid direct contact. To get safe products in the era of the coronavirus endemic, people prefer to buy online, so the most appropriate marketing channel is online sales. In markets with moderate online conversion rates before the endemic such as the UK and the US, e-commerce continued to grow across all product categories during the endemic. Meanwhile, during the endemic in Indonesia, there was a 400% increase in online shopping.

People are becoming more empathetic based on the same attitudes and behaviour during the coronavirus endemic. Empathy is a mental state that makes a person feel or identify with the same feeling or thoughts as other people or groups. Because the more empathy, the more people become more concerned with others and the value of collectivism will grow to influence consumer behaviour, the value of collectivism implies cooperation, assistance, and consideration of common goals rather than individual goals. During the endemic, consumers in various countries buy more products from companies that show concern and care for their employees because, during difficult times during the endemic, consumers have a high awareness of how to interact with stakeholders, local communities, and communities.

A minimarket or convenience store is a small shop easily accessible to the general public or locally that offers convenience and services like a supermarket but on a smaller scale. A minimarket is a kind of "grocery store" or one that sells all sorts of goods and food, the difference here is that minimarkets usually apply a point-of-sale cash register system for sales, but it is not as complete and as big as a supermarket. Also, in contrast to grocery stores, minimarkets implement a self-service system, where customers take the items, they need from the minimarket shelves and pay for them at the cashier counter.

The points at which the customer submits and receives back the product he bought from the cashier, as described above are often called the next "moment of truth" in a series of "moments of truth" that are triggered when the product is first seen through one of the promotional mixes used. company. "Moment of truth(s)" is essentially a recording (recording) of events that provide an immersive experience and tend to direct the individual in making the next decision.

Like customers, buying a product at one of these retailers will ultimately lead to satisfaction or dissatisfaction.

Several main things can cause customer dissatisfaction, but the most prominent at this time during the Coronavirus pandemic are economic costs and customer privacy. The relevance of economic costs is related to customers who, in this study carry out the function of a daily business decision-maker when shopping. The post-Coronavirus situation forces every customer to be more efficient in shopping. The budget for household staples in Indonesia tends to be depleted more quickly when food prices are uncertain at the market level.

Costs are usually closely related to the running of a promotion. The promotion of a product consumes many company costs in its efforts to market its products. Therefore, companies as much as possible, reduce their costs in all sectors. With digital marketing, companies will find it easier to reduce their promotional costs because digital marketing has a fairly high-efficiency level. Because promotion costs can be reduced, the price of products or services provided by the company can be lower. From the customer side, they also quite benefited because apart from getting a lower price, they no longer have trouble and waste their time coming to a company's store to make a purchase.

However, because the term we use is an economical cost, this refers to the opinion of an expert on diffusion flow, namely Edward Mansfield in 1960. The premise of economic costs comes from simplifying the innovation process (in the context of this research, namely digital marketing) to the lowest denominator, namely, cost function, which later gave birth to Mansfield's Diffusion Model. This model is mainly used when studying the technological substitution of innovation in a particular industry which is then described as a logistics curve based on internal influences.

Mansfield also states the four premises of economic factors that will influence adoption decisions (post-innovation), namely, first, the extent to which an innovation offers a financial advantage over the technology it replaces. Second, the magnitude of the uncertainty inherent in the decision to adopt new technology. Third, the level of commitment required to test the innovation, and fourth, the level at which initial dissatisfaction with creation can be reduced.

A large number of retail businesses in Indonesia is one of the causes of the difficulty in maintaining good relationships with customers. Customers will be attracted easily if other retailers can provide the services their customers want. Therefore, companies need to monitor existing customers and make efforts to keep these customers from moving to other retailers.

One of the media that companies often use to reach customers is digital marketing. Digital marketing is principally related to the range of access platforms and communication tools that form the online channels used by electronic marketers to create and strengthen customer relationships. In the process of maintaining a good relationship with customers, the development of SMEs is highly affected by the business world which in turn is strongly

influenced by technology and information, including the marketing department which any line of business must master. The Internet performs various aspects of the marketing function, working as a mechanism to build demand, directing consumers to purchase actions, filling orders, providing customer service, and also functioning as a versatile advertising medium. Furthermore, the Internet is claimed to be a better communication medium because of its versatility and superiority in targeting consumers.

Internet technology and marketing should be viewed as things linked as mutually beneficial patterns. If there is no technology, then marketing will be backward and will not advance to meet the demands of the times. So, in this case, it is necessary to know the role and impact of technology in the field of marketing. This, in the end, does not only apply to marketing, but also spreads to other fields even outside of management and economics, such as agriculture, animal husbandry, fisheries, and other industries,

Digital marketing is the application of digital technology that forms online channels to the market (website, email, database, digital TV, and through various other latest innovations, including blogs, feeds, podcasts, and social networks) that contribute to marketing activities, which aim to profit and retain consumers (in the multi-channel buying process and customer lifecycle), through recognizing the importance of digital technology and developing a well-planned approach to increase consumer awareness (of the company, its behaviour, values, and brand loyalty drivers), and then conveying messages through integrated and focused online-based communication and service activities to meet specific customer needs.

Digital marketing uses the internet and information technology to expand and enhance traditional marketing functions. This definition concentrates on all conventional marketing. We can also state that opinions such as interactive marketing, one-to-one marketing, and e-marketing are closely related to digital marketing. Sawicky (2016) defines digital marketing as the exploitation of digital technology to create a channel to reach potential recipients and achieve company goals by meeting consumer needs more effectively.

Digital marketing is a marketing activity including branding that uses various web-based media, such as blogs, websites, email, AdWords, or social networks. In other words, digital marketing is using the internet and other interactive technologies to create and connect dialogues between companies and identified consumers. By using digital marketing, companies can provide online customer service 24 hours a day and 7 days a week. The company opens opportunities for customers to get to know, communicate, interact with, and even build solid relationships to create loyal customers for the products and services the company offers.

Digital marketing is needed to generate customer loyalty from all walks of life, advanced and technologically educated to use modern devices, such as smartphones, computers, tablets, and digital devices, which have become part of their lives. Using this device every day offers customers a good level of trust and adventure to try new approaches to online shopping,

especially since there are many ways to bridge customers to products and services using digital marketing. In addition, the innovation platform is ready to offer customers effective communication with online communities, friends, or strangers, to share their pleasure or dissatisfaction in using the product/service.

Customers who have loyalty feel an emotional bond with the company. This emotional bond makes customers loyal and encourages them to continue purchasing the company's products and provide recommendations. Creating positive emotions and feelings is very important in building relationships. An emotionless relationship becomes a mechanical activity, a behavioural process, and leaves the customer with no real reason to stay.

The essence of digital marketing is to make the company easy for customers to reach by being present in digital media with direct access to customers. This is called the horizontal approach, where when the company and the customer are on the same line, both can reach each other, and customer satisfaction with service can be fulfilled because customers must be served horizontally. This is because customers demand the same good service even more than competitors. If there is a difference in service, the customer may leave the company. Digital marketing can help companies to improve their performance and earn profits. Digital channels also offer opportunities for cost efficiency for both the company and the customer so that customers will feel satisfied and increase their loyalty.

### **3. FINAL NOTE**

The development of the business world is strongly influenced by technology and information, including the marketing department, which must be mastered by any line of business. The Internet performs various aspects of the marketing function, working as a mechanism to build demand, directing consumers to purchase actions, filling orders, providing customer service, and functioning as a versatile advertising medium. Technology and marketing can be linked as patterns that mutually benefit each other. If there is no technology, then marketing will be backward and will not advance to meet the demands of the times. So, in this case, it is necessary to know the role and impact of technology in marketing. The question, however often asked by everyone, is how secure the interaction is.

Customer privacy currently becomes a significant concern for digital customers due to the increasing acts of identity theft by cybercriminals or those who use the ability to recognize the identity of online perpetrators when online actors access a series of Internet-based platforms or media or sites, both legal and illegal that contains pornographic material or other prohibited materials such as related to matters that violate ethics.

Behind the disadvantages of the Internet, the use of the Internet or digital media and digital marketing, in this case, can also provide many advantages because the advantages of digital technology allow for instant two-way communication between producers and customers, where customers can choose, order, respond and even submit complaints directly anywhere and

anytime. An essential point of the advantages of digital technology is the high frequency of communication or interactions between the company and customers with a fast information distribution process, which indicates the existence of high-frequency transmission.

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