

Marketing strategy of electronic transaction services at an Indonesian retail company

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ABSTRACT: E-commerce benefits companies and consumers. Companies find e-commerce beneficial in digital payment, providing a more manageable payment system for consumers. Electronic transactions or digital payments have been implemented in transactions in Alfamart. This retail company experienced a decrease in sales volume paid through digital payments in 2018. SWOT analysis, thus, can be employed to analyze infrastructure, economic factors, and retail company development to assist the marketing of this company. The purpose of this study is to formulate marketing strategies for electronic transaction services in an Alfamart branch based on the SWOT analysis. This research was conducted using a descriptive qualitative approach and analyzed using the SWOT. The data used in this study were obtained from questionnaires. It was found that the marketing strategies of electronic transaction services at Alfamart should follow an alternative turnover strategy. It is suggested that Alfamart's managers implement several strategies, such as increasing the value of electronic transaction services so that its customers do not switch to substitute products, conducting community-based social marketing, and adding service points by opening new outlets or stores.

Keywords: e-commerce, consumers, companies

1 INTRODUCTION

The development of a rapidly advanced economy, especially related to e-commerce, can increase people's income. E-commerce benefits companies and consumers. Several benefits that companies can obtain include 24/7 access, geographical or global outreach, consumers' outreach by Internet search, relatively low promotional costs, accurate and faster product searches, and accurate and up-to-date information.

Business performance can be measured by sales, market share, and business profitability (Wheelen & Hunger, 2012). Based on an annual report of PT. Sumber Alfaria Trijaya, Tbk (manager of one of the largest convenience-store networks in Indonesia), Alfamart's fee-based sales volume increased from 2015 to 2018. During this period, Alfamart succeeded in meeting its sales targets set in terms of fee-based revenue. Furthermore, the achievement of sales volume was determined in terms of fee-based revenue through digital payments. This achievement could be the result of several aspects, such as information technology (IT), marketing, HR, as well as top management. Thus, fee-based services revenue is one of the main contributors to this company.

Although Alfamart has an increased volume of electronic transactions, the total volume is still low compared with its competitors. This has become one of the purposes of this study, namely to analyze the determinants of strategies that can raise sales volume through digital payments. Based on the background mentioned above, this study aims to formulate the right business strategy for Alfamart's modern mini retail network in facing challenges and current phenomenon. The SWOT analysis can be used to analyze infrastructure factors, economic factors, and development of retail companies to assist in retail marketing (Singh, 2017). Besides,

Joshi (2017) conducted a study using a SWOT analysis on the implementation of digital payments. It was found that digital payments should be carried out with the support of good digital infrastructure and credible cybersecurity. In 2018, Alfamart saw a decrease in sales volume paid digitally. This has become one of the bases for researchers to analyze the determinants of strategies that can increase sales volume through digital payments at Alfamart.

2 LITERATURE REVIEW

2.1 *Strategy theory*

Mintzberg (2007) suggests that the concept of strategy includes at least five interrelated meanings: a rational planning to further clarify direction taken by an organization in realizing its long-term goals, a reference related to consistency or inconsistency assessment of behaviors and actions taken by an organization, an angle positioned by an organization when performing its activities, a perspective concerning an integrated vision between an organization and its immediate environment, and detailed organizational tactical steps regarding information of how to defeat its competitors.

2.2 *Competitive marketing strategy theory*

Kotler and Keller (2016) stated that competition in the marketing context is a condition where companies in certain product or service markets show their respective advantages, with or without being bound by certain regulations to reach their customers. Competition is an endless work process to assess the ability of a company to find and maintain advantages (Magretta, 2014). A competitive strategy develops a plan of how a business will compete, what its objectives should be, and what policies are needed to achieve its goals (Porter & Gibbs, 2001).

2.3 *Electronic transaction services*

Transactions among business partners continue to be offered on e-commerce platforms. Thus, electronic transactions emerged as solutions to replace former cash-based payment systems (Dennis, 2004). The emergence of this innovation in the global business environment challenged most organizations to automatically switch conventional paper-based money transactions to electronic transaction or e-payment systems. Generally, an electronic payment can be defined as a platform used to make payments for goods/services purchased via the Internet (Roy & Sinha, 2014).

3 METHODS

3.1 *Sampling*

This study used a purposive sampling method chosen based on certain considerations and goals, such as human resources, participants, or informants in research (Hair et al., 2007). The participants in this study are:

- a. Head of Alfamart
- b. Assistant Head of Alfamart
- c. Alfamart cashiers
- d. Alfamart clerks
- e. Alfamart customers

3.2 *Data collection*

This research utilized primary data. The data is in the form of a closed-question questionnaire. The data was obtained through an in-depth interview with the participants.

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