

Advertising Investment on Marketplace to Conversion Rate

A Case Study on Kurma Alif Advertising Strategy Decision

Mutiara Nisa Rozdianda ^{1,*}

¹ Master Business Administration, University of Indonesia, Jakarta, Indonesia

*Corresponding author. Email: mutiara.nisa@ui.ac.id

ABSTRACT

This Research purpose is to analyze and evaluate the Company's decision on effectivity digital advertising investment for conversion rate, especially in the marketplace. The analysis for this research is conducted using qualitative research through marketing funnel analysis in a case study method that will be useful to propose alternative strategies that can be applied to achieve both the organization's sales revenue and profit target in the competitive digital sales and marketing era.

Keywords: advertising, marketplace, online shopping, e-commerce, conversion rate.

1. INTRODUCTION

Nowadays, In the internet and mobile invention era, the marketplace has become increasingly important for conducting business, especially for Small Medium Enterprises that have limited sources to develop the business and market. Everything can be done through mobile phones everywhere and every time and is easy to use. Based on Katadata's Forecast for 2018, Retail sales in the marketplace are valued at more than 8 billion USD and will be doubled on 2022 [6]. Especially, In the disruption era after COVID'19 forced various businesses LeCompaniesPany and BuyerSuyer to do the online selling and shopping because of the quarantine policy. This condition creates a very competitive market in e-commerce. A producer, distrib, tutor, and also retailer compete to win the customer. The phenomenon is shown on Katadata Survey during Pandemic on June 2020 to Jakarta, Bogor, Depok, and Bekasi Small and Medium Enterprises (SME) to survive the business: switching from offline to online marketing systems [3].

Currently there is the most famous marketplace platform in Indonesia: Shopee.co.id and Tokopedia.com. the transaction as reported are Tokopedia, Bukalapak and Shopee. For maintaining the sellers, e of the platform has own program both free or should be invested first advertising program such as Iklanku from Shopee and Top Ads from Tokopedia. Kurma Alif, one of SME distributors of (mostly) food and beverages from fthe

from Middle East since 2016 that started early sales via something of marketplace platforms has a Star Seller Badge from Shopee a and diamond from Tokopedia. The advertising cost more than 50% of gross profit. The assumption is that more advertising budget, will attract customers to visit and buy the products. But, the reality, after COVID'19 and the enterprise have more competitors, the result seems to be different compared to the previous time. The condition is higher advertising budget allocated seems does not have a significant impact on the rate of buyer. At the end, impact to the lower net income, Kurma Alif joining some methods to boost sales through Marketplace, especially for shopee and Tokopedia. Based on the seller data, the percentage of gross margin and net income is declining time by time. Thus, the company should evaluate impact of advertising that has a high cost to the sales and the profit to manage the business on the track and survive the business in the long run. This research will analyze impact of digital advertising decision to sales and profit organization and to propose alternative strategies that can be applied to achieve both the organization sales revenue and profit target especially on investment advertising decision making.

2. METHODS

The discussion and analysis of the problem will use historical data of Kurma Alif with 2020 data and also data from the marketplace that collected from participatory

research and interviews to key person of the company, especially who conducted to marketplace. The problem and condition will be explained in descriptive format and equipped with various explanations in form of tables and graphics. At the end of this paper, this research provides a problem analysis that can be learned readers to decision making position and learn to implement the problem in real case. This will made case different from another model. To understand the company condition and the related industry [13] this research applied strategic management tools, SWOT and 5 forces Foster then analyzed the digital marketing advertising used 5 A Kotler as shown at figure 1.

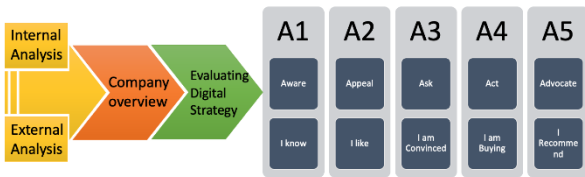


Figure 1 Research framework

A. Internal and External Analysis

o SWOT analysis or Situational Analysis is the simplest and most straightforward approach for gaining insight into the causes behind a strategy's success or failure [13]. SWOT stands for Internal Strengths and Weaknesses, Market Opportunities, and Exterior Threats, and it is used to describe a company's internal strengths and weaknesses, market opportunities, and external threats. By examining a company's strengths in relation to its shortcomings, as well as the strengths and weaknesses of competitors, a competent SWOT analysis can assist explain why a strategy is functioning (or not) well. A SWOT analysis can also be used to analyze whether a strategy has been successful in fending off external threats and positioning the company to capitalize on market possibilities. SWOT analysis can assist a company with a successful current strategy in determining if it is in a position to seek new market opportunities and defend against developing risks to its long-term viability.

Every industry has a different character and degree of the competitive forces at work. The five forces framework is the most potent and extensively used method from Porter for diagnosing the main competitive pressures in a market. The Competitive pressures on enterprises within an industry, according to this concept arise from five sources. First, competition from rival sellers; second, competition from potential new entrants to the industry; third, competition from producers of substitute products; fourth supplier bargaining power; the last is customer bargaining power. There are three steps are involved in using the five forces model to determine the nature and strength of competitive pressures in a given industry:

1. Identify the various parties involved in each of the five forces, as well as the precise reasons that cause competitive pressures,
2. Determine the strength of each of the five forces' pressures (High, Medium, or Low)
3. Assess whether the five forces, as a whole, are conducive to high industry profitability.

B. Marketing Funnel

o Nowadays digital advertising has become very important because it has the biggest segment of advertising investments worldwide in the future and is able to achieve a higher interactive level with consumers compared to traditional advertising [29], but the success of digital advertising related to consumer consideration, executional factor related to ads and general goal behind the brand. According to AIDA model of the marketing funnel as the basic movement in organizing advertisement by E. St. Elmo Lewis [4] contain 4 steps: Attention describes as the first thing to conduct is attention. which is defined as interesting media or information to attract customer attention. the media should be meaningful, believable, and also distinctive compared to the competitor; Interest, after attracting customer, the information inside the media should interesting and clear enough to customer to understand the message so it will build the customer awareness; Desire, This stage describes as the ability to create a solution that needed by the customer to have the product or service and encourage the customer to purchase the product with no doubt; and the last stage is Action. In this stage, usually called as a call to action, explain how to get the product by right words or right command such as: how to buy, where to buy. In marketing 4.0, the basic model of a marketing funnel has been improved by Kotler [8] as a movement in the digital era, 5 A: Aware, Appeal, Ask, Act and Advocate. This model shows connectivity between customers, how each customer or customer to be will be encouraged by each other, from awareness process to advocate. To be successful in marketing, the marketer should utilize the 3 most important sources: influences of outer, other, and own.

C. Digital Advertising

Digital Advertising of also referred to as online advertising defined by Horbal [5] as a form of communication between consumer and publisher, that incorporates advertisements by emails, search engine result pages, banners, etc to increase sales by attracting more consumers through the internet access. The main types are Pay per Click Advertising, Social Media Advertising, Mobile Advertising, Display Advertising, Email Advertising, and Landing Page.

Digital advertising also has undoubted qualities such as being highly interactive, having accurate data, and very efficient and precise geo-targeting capability. In

particular, Rodgers developed a model Interactive Advertising Model (IAM) between internet users and online advertisers through Ad Type, Ad Format, and Ad Feature that has a better impact on internet users. There are seven key trends in digital advertising: banner advertising, advergames, video advertising, Search Advertising, Mobile Advertising, Social Media Advertising Native Advertising, Search, Social Media, and Mobile [12]. Over time, interactive advertising has evolved as a result of customers pushing the technological and creative boundaries of online browsing, digital platforms, and infrastructure limitations. Advertising's role adapted to be relevant within the societal framework as technological usage progressed and this replace passive traditional advertising offline media easily. But on another side, in online media, users can easily go to another web page with the click of a mouse or the touch of a finger on mobile media, thus the battle for their attention online is fierce and being worse by the advertising clutter (unwanted, undesirable, and excessive, and interferes with the consumption of editorial media content [10].

Rzemieniak [9] recommended The CPC model (Cost per Click as the most effective tool to measure cost per click on the ads unit and is redirected to the advertised location, then depend on marketing funnel by Kotler [8]), after clicking the ads, the customer will act to buy or to leave the product. At this step, Kotler named it Purchase Action Rate or generally known as Conversion Rate. The Higher Conversion Rate, the more effective ads. The equation to measure CPC is Total Digital Advertising Cost divided by the Number of Click at the advertisement. The lower cost per click the more effective cost. Furthermore, for the Conversion rate, the leads of the advertisement are divided by the action to purchase number (number of orders).

D. E-Marketplace

In the early stage of the online era, e-commerce is a term used to describe any business conducted online except marketing (became digital marketing), but then it became specifically websites that sell products online. An order for a certain product can be placed on a website and must be paid for at the same time—much like in retail sales – with the items or service arriving later or, in the case of digital products like software and music, right away. Both B2B (Business to Business) and B2C (Business to Customer) segments can be the user of e-commerce [1]. The Channel of e-commerce can be various depending on the company's online business model [2].

In running the e-commerce process, Chaffey [2] explained the seller can utilize e-marketplaces (simply refer to the marketplace), that function similar to a typical marketplace, as a virtual place to exchange information and commercial transaction that can be used in multiple devices. The virtual place is held by a third party who, as

a business model, rents out market space to vendors (traditionally, stalls) or takes a share of the seller's income. The vendor promotes the place to potential buyers in virtual space, the. Buyers can seek new suppliers or sellers and the sellers can find new markets and customers. Kamel ([7] also described an e-marketplace as a web-based information system in the era of the Internet and with the advent of modern information and communication technologies as the virtual marketplace where consumers and suppliers meet to share product and service details negotiate and then execute the business transaction.

The seller creates an account then selling on the marketplace website and the goods only should be checked out through the marketplace, not the seller website outside the marketplace. While customers search for products or services, marketplace algorithms will suggest certain products as customer preference and best deal from the seller. The marketplace only provides the virtual space and promotion, but not as a seller itself. The market used to be wide, except for specific B2B marketplace that only allowed certain sellers and customers such as community. Now, marketplace sellers are also allowed to develop the page by decorating landing pages and also creating advertisements, such as third-party shopping sites.o

3. RESULTS AND DISCUSSION

As one of Middle East Food and Beverages distributors. Started selling online at the marketplace in last 2016 (Tokopedia) with dropship system, followed by Shopee and other e-commerce in early 2017 as a retailer, at same time, Kurma Alif also launched Instagram Account as the official social media to market its brand as well as provide order request via Whatsapp. The first time launched business, Kurma Alif was only managed by the owner and his wife, both of them are working at the government. In December 2017, Kurma Alif started to sell the products directly, not via dropship anymore. This was the first time an employee was hired to do packing the order, but for administration, sales, customer service, and order management still organized by the owner. In February 2018 Kurma Alif rent its first store and operational in Tangerang and hired more teams to operate the business. Since the business growth promisingly, the company expand the business by opening 2 more offline branches in Bandung and Yogyakarta in early 2020. To finance the business, Kurma Alif depends on the profit of the sales itself and inner circle to finance a high-value project by the profit-sharing scheme, the company doesn't use any loan from the bank.

At the first launch, Kurma Alif focuses on the hajj and umrah souvenirs such as dates, zam-zam, prayer beads, various middle east souvenirs, but following the demand and beverage trend, Kurma Alif expands to herb and

healthy food products such as local honey, Himalayan salt, chia seeds, seaweeds, and many. The 10 Best Seller Products during 2020 are Sukari Dates, Croissant, Doum Fruit, Egypt Dates, Chia Seeds, Saffron, Himalayan Salt, Ajwa Dates, Honey, and Chickpeas. The challenge is the license for the majority of the product. Some regulations became barriers to selling the product, for example, Himalayan salt that not allowed sell legally even the demand for pure Himalayan salt was high. In operating the business, Kurma Alif has the following Vision to Be 1st distributor of hajj and umrah in Indonesia by Enabling Sales through the marketplace and nonmarketplace and developing the company capital.

Kurma Alif has invested in digital advertisement to boost sales, especially in the last 4 years since they first operate the business. But in the last year, the data show that investment in digital advertisement especially in the marketplace has no impact as before with the same amount. Mr. Agung as the owner and director urgently needs a deep analysis that can answer what is the right advertisement investment that can support the business in the long run. The case will describe Kurma Alif Marketplaces (Tokopedia and Shopee) that operated in Tangerang during 2020.

E. Internal Analysis

Kurma Alif was directed by the owner as a director that managed the business under several divisions: Operations, Finance, Marketing, Human Capital, Sales, and Marketplace. The structure showed that handling the marketplace involves 3 levels: Manager, Supervisor, and Staff (Agents). The manager leads the team to ensure customers are informed of what they need through Marketplace Customer Service Supervisor and Keep the marketplace update both the product and program through Marketplace Development Supervisor. To keep the customer informed, the customer service agent is required with a certain skill. Two agents for handle customers in Shopee and one agent handles customers in Tokopedia and another marketplace. The operational Division consists of many people. The manager is responsible for Kurma Alif's product availability and standard product quality through the warehouse supervisor. The Manager should ensure orders are packed as Service Level Agreement and Distributed to the related courier service at the right time, so every order are made by the customer before 2 pm, will proceed and handed over to the related point on the same day

- **Product and Service.** In managing the business, Kurma Alif has several sales channels both Online and Offline. Online channel divided into 2 channels: Marketplace (Tokopedia, Shopee, Lazada, Bukalapak, and Blibli) and Non-Marketplace (Whatsapp, Social-Media such as Instagram, Facebook, Tokotalk, and Website). In the Offline channel, Kurma Alif has 3 offline stores. To boost sales, Kurma Alif also opens reseller and dropship schemes to the customer. The order

is made by the customer will be delivered to all destinations in Indonesia as customer request by courier and cargo services both by land, sea, and air, especially for perishable products such as fresh dates. First launch the store, Kurma Alif sell the product as a retailer, the company sells another company brand to the customer, then manage to produce its own brand and sell it as a distributor. The price offered to agents or resellers is quite competitive compared to the marketplace.

- **Case Figure.** Agung Prasetyo as the founder and director is the one who build the company marketplaces since the company was founded in 2016, not only manages the marketplace, he also decides what to be sold and what to be invested from the very first time. He said that the most important strength at that time is fast response, thus Kurma Alif, not the first-hand supplier with the cheapest price but can gain customer attention through fast response to answer the customer chat and process orders on the marketplace. in early build the company he keeps the communication with customer close and always know each other to maintain the customer relationship. As personal, he is humble and spontaneous, with his military background he is a very dynamic person in the field. Under his command, the Kurma Alif account in Tokopedia achieved a gold badge, and Shopee achieved Star Seller that managed by a certain Relation Manager from a related marketplace. currently, Mr. Agung leads the company but let the marketplace channel managed by Mr. Zulfikar and time. He doesn't monitor anymore the advertising effectiveness. At the early stage of Kurma Alif, according to Mr. Agung, the advertising expense should not be more than 50% of the gross margin. Zulfikar join Kurma Alif in early 2018 as the designer, but soon when the startup company grows rapidly, he also became the marketplace developer and WhatsApp customer service. He was waiting for his graduation when first assigned as Mr. Agung's right hand. Now He managed to purchase the main raw material and the marketplaces. He was known as Mr. Agung's close neighbor in his hometown. According to him, right now the challenge in the marketplace is service consistency such as how long to process orders, competition (since pandemic, he facing more competitors who switching offline to online sales via marketplace). He is the one who decides campaign or, promo and advertising budget on daily basis and is helped by 1 customer service who handles all marketplace of Kurma Alif including chat response, upload a new product, top-up paid advertising balance, update the product price, and handle the complaint. Zulfikar's strategy is to increase basket size by voucher and attract new visitors to become followers by new follower voucher. from his side, has not enough team, make difficult to evaluate the marketing tools and expenses properly. He also never evaluated JBP.

- **Corporate Culture.** Kurma Alif has 4 Core Values, taken from ALIF acronym: Amanah (Trustworthy), Loyal, Inovasi (Innovation), Family. The first launch as SME with simple organization structure, Kurma Alif hires team via relation, both family relation and neighborhood relation, that influence the core value. The relation in the company is also more like partner and team. Most of the team consist of young people that have a lot of impact on 2 things: innovation in a good term, and maturity in handling problems because of less experience.

- **Operational System.** Kurma Alif developing his own ERP by internal sources. The ERP consists of order and sales data management with a web-based system. In the managing order, the company also has created Standard Operating Procedure. But, most of the written procedures are not well complied with by the team, they should be more supervised and monitored. This is causing some problems in managing the marketplace order as the Cut of Time.

- **Customer Profile.** Kurma Alif has 3 Customer Categories: Agent (The wholesale customers who shop regularly in minimum purchase in the bulk of Rp 3.000.000), Reseller (Bought products more than Rp 1.000.000,00 regularly and or the drop shipper who shop regularly), and retail customers who shop less than Rp 1.000.000 accumulate in a day rarely. As the company data, some of the resellers come from Marketplace then switch to WhatsApp channel through sales to get better offers and more courier services options. Taken in 2020 Marketplace customer Kurma Alif mostly women (77%) and 23% of total customer are drop shipper, and the rest are retailer or reseller, shown from the purchasing power under Rp 1.000.000,00 each order dominant than Rp 1000,001,00 – Rp 3.000.000,00 (only 0,10%) and only 0,01% customer who purchase more than Rp 3.000.001,00 /order. Most orders came from West Java, following with Banten where Kurma Alif operated, and Jakarta the Capital surrounding Banten. Unlike the Order came, the revenue came mostly from Banten, this is because instant courier as Gojek and Grab became favorite to purchase bulk orders with a best deal shipping fee that can be reached only in surrounding Kurma Alif in the Banten area. So, in this case, the order may be less than Jawa Barat, but the quantity for each order is higher. Most customers almost 79% only purchase 1 time in a year, followed by 2-6 times purchase in one account in a year and then for the loyal customers who purchase 7 until 12 times a year is 0,53%, and the rest the customer who purchase more than 13 times a year, only 0,10%. This data are taken from customers who spent their money on Tokopedia and Shopee Kurma Alif during 2020.

F. External Analysis

- **Competitor.** Kurma Alif was not the very first mover in Umrah and Hajj Industry in Marketplace. the company as some competitor in Jakarta and Surrounding coverage area (Jakarta and Tangerang). Uniquely, the main competitors were the suppliers for Kurma Alif in its early stage, but now Kurma Alif growth at the same level and became a competitor and in this industry, some of the competitors are supplying others. The competitor category according to Kurma Alif is the company or store those have the same market, similar product, and similar sales. It can be easily searched on the marketplace. in this condition, Kurma Alif has the high competition atmosphere

- **New Entrants.** A certain industry in the marketplace is simple to follow, especially for the one who has an abundance of financial sources to enter the market, but the marketplace helped the first mover to gain the customer by the reviews collected. In this industry, one of the new entrants is Amanah owned by Supri, a Javanese that used to be a Kurma Arafah supplier. Before switching to the marketplace in 2019 seriously, Amanah Group was the only one who encourage the Tanah Abang Market newcomers, to sell Hajj and Umrah products on a long roadside of Tanah Abang Market. He has no difficulty in product supply because he is originally an importer. Now, similar to Dunia Haji, Amanah Kurma sells an imported product in unreasonable-cheap retail price product. Unclear sales target, unanalyzed advertising cost, that make the threads of the new entrants is moderate

- **Substitute Products.** For hajj and umrah souvenirs, actually, there' s no substitute product, but for healthy food and the benefit of the content of the product can be substituted by local fruit. But, the trend of dates consumption is rising not only for eventual consumption but for daily consumption products, it is also supported by hadith that mostly became the faith of the Indonesian Muslim community majority. In this case, the substitute product thread is low.

- **Supplier.** There are some big suppliers for hajj and umrah souvenirs and more for healthy products. Sometimes, Kurma Alif also imported the goods itself from overseas to find the best offers. It' s a low thread of supplier pressure in this business

- **Buyers.** Shopee is the most popular e-commerce site, with 96.5 million visitors in the third quarter of 2020. Tokopedia comes in second with 85 million people, followed by Bukalapak with 31.4 million. Then there's Lazada, which has a market capitalization of \$22.7 million. The average monthly website visitors for the third quarter of 2020 are obtained from the SimilarWeb website and this number is represented about 96% of internet users in Indonesia (Pusparisa, 2019). The order for foods and beverages also increased 143% in March

2020 and is forecasted to be 261% in the next year (Jati, 2020).

Based on the overview above, Kurma Alif has SWOT analysis as figure 2:



Figure 2 SWOT Analysis Result of Kurma Alif

● Strength

Various Products in clear image in the marketplace became the first strength. The most demanded product for the current healthy lifestyle available at a competitive price such as Dates, Nuts, and Herbs. This is supported by the distribution channels in some cities around Java (Tangerang, Jakarta, Bandung, and Yogyakarta) that strengthen the brand awareness of the store. Kurma Alif is also backed up with a complex organizational structure and has separate various functions between, operation, human capital, conventional sales, marketplace sales, finance, and IT. So, the organization could focus on each function.

● Weakness

The biggest weakness is Man Power, mostly the manpower is not well trained, is a fresh graduate, lack leadership and managerial skill. That became the main cause of misaligning the organization. The organization objective and implementation often have different goals, this is clearly shown at the moment marketplace manager didn't know about the owner objective and rule about advertisement setting and worse because of a company culture that didn't has any punishment for the organization member who didn't achieve the goal or who made mistake. The company culture will understand the fault and didn't give the person any punishment. For example when the operational team couldn't achieve KPI such as order cut of time, the punishment only by the oral warning. So this was not triggered the team enough to make the process excellent and gain more trust from customers to repeat orders.

● Opportunity

The high potential customer number is a big opportunity for Kurma Alif. The bigger market, the higher the revenue potential for the store. This was

strengthened by the healthy lifestyle that rises until today. The awareness of a healthier life spread quickly through social media and become a big opportunity since more people become online buyers, and buy online after being educated through social media.

● Threat

The competitor is the most challenging in the threat part. Both competitors are superior in financial support and manpower, followed by local food regulations that threaten certain products to be sold. This was also worsened by marketplace regulations that push store owners to increase sales through high service and promotional costs.

G. Digital Advertising Strategy Through Marketplace

In 2020 Kurma Alif's digital advertising strategy objective is to support sales revenue growth unless 80% from the previous year. Since about 60% of sales revenue from previous years came from the marketplace, but the growth is still unstable, Kurma Alif decided to invest more in digital advertising through the marketplace. To achieve this target, Kurma alif utilized the marketplace features. Kurma Alif's marketplace revenue was growing slowly. The average revenue growth for the entire channel is less than 10%, but for the Non-Marketplace channel is 62% on average, much higher than the entire channel. For marketplace channels especially Tokopedia and Shopee, they grew about 14%. To push the sales Kurma Alif decided to invest more advertising budget through Marketplace and reach more customers in the wider market.

● Shopee Indonesia. Shopee Indonesia offered some Marketplace Digital Marketing Program for Kurma Alif such as Basic Feature (Shop and Decoration, Promotion Event by Shopee and Seller Initiative, Flash Sale and Voucher and Advertising both Shopee Advertising and Product Advertising and Customer Engagement Program through chat Broadcast and Shopee Live and Feed). The Special Feature is Joint Business Planning for maintaining its seller, Shopee management assigned one of Relation Manager to accompany the seller and launched the Joint Business Program as with several choices of campaign level. In 2020 Kurma Alif joined the Deluxe campaign. The campaign purpose is to increase the business scale

Through Shopee digital marketing. This program cost Rp 271.500.000 in total, paid 10 times from March to November 2020. Kurma Alif's revenue growth was worse than before JBP program in 2018 and 2019. According to Shopee, Kurma Alif Achievement for JBP in 2020 agreed sales target is 99,01%, to evaluate the related program, Shopee reported as figure 3.

Shop Performance - Summary

Kurma Alif's Strength	What Needs To Be Improved
<ul style="list-style-type: none"> Competitive price for top selling items Willing to join shopee promotion that include voucher budget Have a monthly budget for ads allocation 	<ul style="list-style-type: none"> Operational: NFR & LSR, avoid cancel order, Maintain real stock Avoid price change during product promotion (%) Communication between Shopee PIC and shop owner & admin Utilization to keywords ads to generate high ROI, reduce ads usage to low CIR SKUs
Opportunity to Expand	Market/External Threats
<ul style="list-style-type: none"> Add new assortment based on what market needs (E.g: Staple food, nutritious drink, and breakfast menu) Start investing more on Target Ads. Utilize Add-on Deals as marketing tools to increase awareness to low traffic product Shopee Social Media to increase more buyers & exposures 	<ul style="list-style-type: none"> More competitors start to sell the same products and update products with competitive price High NFR/LSR rate & cancel orders due to stock issue

Figure 3 SWOT of Kurma Alif by Shopee Tokopedia.

Marketing Facility in Tokopedia namely as promotion choices have several purposes such as to increase buyer visitor, to increase new order, to increase customer loyalty. The promotion choices that can be accessed by Kurma Alif are: TopAds, Bebas Ongkir (Free Delivery), Broadcast Chat, Rilisan Spesial (Special Launch), Flash Sale, Kupon Follower Baru (New Follower Coupon), Voucher Cashback (Cashback Voucher), Diskon Toko (Store Discount), Voucher Gratis Ongkir (Free Delivery Voucher). Since the first open the store, until 2020, unlike Shopee, in Tokopedia Kurma Alif doesn't assist by any Relation Manager. Thus, Kurma Alif manages some of the marketing tools itself and register as a Power Merchant so the store will have some privilege compared to the regular merchant, for example, free shipping subsidies, broadcast promotion, extra top ads credit, etc. There are 3 types of Top Ads (Tokopedia Advertisement) that be used by Kurma Alif. First, Iklan Toko (Shop Advertising), similar to Shopee, will advertise the shop into a marketplace search engine. Second, Iklan Product (Product Advertising) will advertise the product into the search engine, the product position will be depended on the budget. The third type is advertising without buying any advertising balance first, unlike the 2 types previously that seller should buy balance to utilize the advertising facility. The store will be charged a commission fee as agreed before (vary to each product). The result shows that click ratio from Tokopedia search engine has a better result for Product Advertising (2,08%) than Shop Advertising (1,76%) but the advertising cost for product advertising has a higher percentage to revenue (19,2%) than the other (16,3%). In 2020, the pay later advertising use but the impression not that good. The voucher also didn't work well. Tokopedia also offers chat broadcast, a feature that can be utilized by sellers to send broadcast chats to 3 categories of recipients: customer, potential customer, and follower. This feature is free for 600 chats and can be paid by paid ads for more receivers as shown in Figure 4.

Figure 4. Chat Broadcast Performance of Tokopedia

No	Time	Lead	Read	Answer	Order	Info	Revenue
1	March	1000	620	8	2	Cashback	67.750
2	April	229	215	10	2	Free Shipping	76.200
3	Aug	1708	1435	14	22	Free Shipping	877.400
4	Sept	600	516	5	0	New Product	0
5	Nov	867	676	7	8	New Product	641.500

H. Evaluating Digital Advertising Strategy

Based on the data above, the company has never evaluated marketplace digital advertising effectivity. It may be caused by many factors including lack of human capital capacity in handling the marketplace. Kurma Alif has many marketplaces platform as a sales channel, but almost every channel can't be managed properly. The investment in advertising also doesn't evaluate deeply that can optimize the revenue and increase profit at the same time by advertising expense effectiveness.

To evaluate, first, the result of every marketing tool performance that is used by the company should be conducted by the company target and marketing funnel process, through ratio comparison. Second, the marketplace marketing tool can be chosen based on the effectiveness and impact to the company as an alternative strategy in developing the company marketplaces.

Currently, Kurma Alif focuses on Digital Marketing that has a high impact on sales. According to the data, in Shopee most marketplace marketing tools used to increase awareness of the product by JBP program (56.5%), voucher and cashback (24%), shop and product advertising (19.5%) as shown in figure 4. That spent 120 million rupiahs on average each month and contributed about 50% of revenue. Unlike Shopee, Tokopedia advertising expenses only in Top Ad as Paid Advertising because most of the customers didn't have any interest to use the offered vouchers.

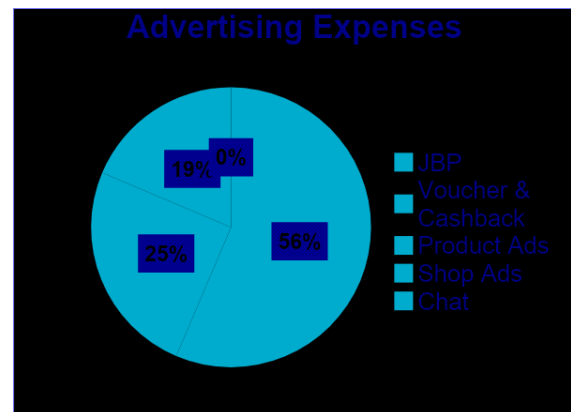


Figure 5. Percentage of Advertising Use

In terms of the marketing funnel, the marketing activity in Kurma Alif 2020 is shown as the graphic in figure 6

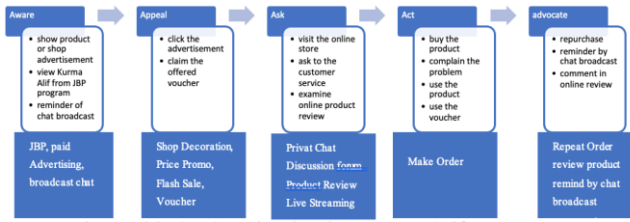


Figure 6 Marketing Funnel in Digital Advertising of Kurma Alif

According to figure 6, most marketing activity Kurma Alif in first 3 A, but less in last 2 A: Act and advocate. The impact is also shown in the customer profile that almost 79% of customers are only purchasing 1 time during 1 year and not as loyal customers. For JBP performance is also not too promising, compared to the company growth in 2 years before, the company positive company sales growth without a lot of the rule from the marketplace through JBP agreement. Such as higher price in Shopee compared to other platforms is not allowed, Shopee is also commanded to close another platform at a certain time as an exclusive agreement with Shopee. It should increase sales in Shopee to back up the less revenue from another platform, but the result of JBP itself is not good enough. In the marketing funnel concept, the current condition of Marketplace Digital advertising is as the in figure 7.

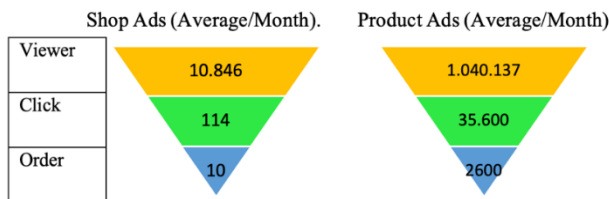


Figure 7 Comparison of Advertising in Kurma Alif

The converting rate of Shop Ads 0.09% with advertising expenses for Shop Ads is 6% from order value and only contribute less than 0.04% in Total Kurma Alif revenue as show at figure 8. Product Ads has better conversion rate of the lead 0,25% with 17% cost from order value and contribute until 13% to Kurma Alif’s total revenue.

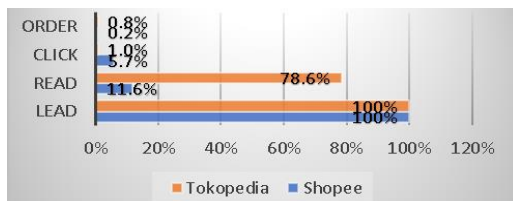


Figure 8 Comparison of Advertising in Shopee and Tokopedia

In keeping customer retention via Chat Broadcast, Shopee has better conversion rate and so do the order value. The tools have no expense for shopee and has revenue better than Tokopedia.

About 34% of Kurma Alif revenue resulted from the marketplace advertising program. The most impacted program with less cost is Voucher and Cashback, followed by Product Paid Advertising then Broadcast. Shop Advertising only resulted cost but didn’t impact revenue significantly compared to Broadcast Chat program.

As shown in Figure 9, voucher and cash back had highest conversion rate and highest contribution to revenue. The second advertising tools is Product Ads that contributed in about 12.51% to revenue with the 0.25% conversion rate. Since most of customer in marketplace Kurma Alif are new comer, the marketing process in these marketplaces: The customer seen the product through ads on marketplace (Aware), then click the product to see the detail (Appeal). After click the product, customer used to see the online review by go to store page or ask the customer service (Ask), customer will find voucher offering and click follow store account to get the voucher code and get discount when buy the product (Act), otherwise customer can use the voucher next when repurchase the product (Advocate). These methods may actually attract customer. Thus, the product ads should be addressed to the most demanded products to attract more potential customers and visit the shop to enlarge the basket. The product with this specification can be shown on Exhibit 3, Kurma Sukari Al-Qassim Ember 850 Gr Original that leads 496.290 views and has ads effectivity 10.74 compared to other average advertised product (5.66).

Figure 9. Comparison of Advertising tools Performance

Tools	Conversion Rate	% Expenses from Revenue	% Contribution to Revenue
Voucher & Cashback	94.73%	13.04%	21.41%
Shop Ads	0.09%	5.73%	0.03%
Product Ads	0.25%	16.63%	12.51%
Broadcast	1.96%	0.00%	0.95%

I. The Best Digital Advertising Strategy Through Marketplace Program

In achieving the Kurma Alif’s digital advertising objective, the company should utilize the right strategy through marketplace for ensuring advertising investment is effective and has the impact for the company in long run. The strategy through marketplace by optimizing high demanded product with most customer leads to view then attract customer to purchase by offering vouchers in Marketplace. to retain customer, the company can utilize the chat broadcast and switch another investment budget on marketplace to these methods.

4. CONCLUSIONS

In achieving the Kurma Alif digital advertising objective, the company should utilize the right strategy through marketplace for ensuring advertising investment is effective and has the impact for the company in long run. The strategy through marketplace by optimizing high demanded product with most customer leads to view then attract customer to purchase by offering vouchers in Marketplace. To retain customer, the company can utilize the chat broadcast and switch another investment budget on marketplace to these methods.

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