

## ONLINE MARKETING COMMUNICATION STRATEGY'S LA-DEVITTO IN SURABAYA WITH BENCHMARKING APPROACH

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### ABSTRACT

*Online marketing communication strategy is important to all industries especially Food and Beverages (F&B) industry. It is supported with the development of internet and increasing numbers of people who use mobile phone. Internet opens new opportunities for companies in the global market. Company with the online marketing strategy can increase market, company's performance as well as build a successful business environment. The purpose of this thesis is creating online marketing communication strategy on La-Devitto. This research uses qualitative method to find the answer to the problem statement itself. The result of this research finds that media used for online marketing communication are social media (Instagram, Whatsapp) and website. In addition, there are ways or efforts to manage online media which are using endorsement, active activities on social media, interesting content of media online, and appealing picture. In addition, this research finds that words of mouth and sales promotion are important in online marketing.*

**Keywords:** marketing communication, online, dessert, strategy

### INTRODUCTION

The Food and Beverage industry is one of the fastest growing industry in Indonesia. According to the Ministry of Industry of Indonesia, the food and beverage industry grew 7.54% in the first quarter of 2015 and increased to 7.55% in 2016. The increasing of growth is not large but its growth exceeds non-oil industry growth and growth of national economy. The growth of non-oil and gas industry in the first quarter of 2017 was only 4.46% while the national economic growth was 4.92%. High growth of the food and beverage industry will create an increasingly competitive environment in the food and beverage industry.

Online marketing communication strategy becomes important for all industries especially Food and Beverage industry. It is supported with development of internet and the increasing of mobile phones' users. The development of internet in Indonesia also influenced by globalization era. Based on APJII (Association of Indonesian Internet Service Providers) in 2017, the number of internet users are increasing from year to year. In 2013, the number of internet users increased by 14.13% from 2012. In 2014, internet users increased by 22.53% and expecting to keep increasing in the following years. Information can be spread quickly and easily by using internet. With the increasing of internet users in Indonesia, it will be a potential for creating online marketing communication strategy. According to Anwar and Daniel (2016), online marketing communication fulfill the company's needs to reach a lot of audience with low cost. Moreover, internet becomes primary needs of people whereas information and technology become part of society (Kompasiana, 2015). By using internet, information can be delivered fast.

Dessert is a sweet meal served after the main course. According to Orenji Creative Center (2017), dessert is dish that serving at the end of courses and closing the meal serving round. Dessert usually tastes sweet and refreshing. At the beginning of dessert, the dessert served in the form of fresh fruits without any processed further. However, as time goes by, dessert has lots of variety from cake, ice cream, pie combined with sauce, fruit or syrup to create an interesting dish. Along with the

development of the times, dessert can be served separately outside of the menu arrangement (Cahyana & Artanti, 2009).

La-Devitto is an online dessert business based in Surabaya. La-Devitto sells pudding with a variety of flavors consisted of strawberry, chocolate, vanilla, and melon flavors. La-Devitto has two pudding sizes of 20 cm and 22 cm. Buyers can choose their own pudding size and flavor. La-Devitto's target market age is 13 years old to 35 years old. La-Devitto's vision is to be an innovative dessert company that trustable.

In the last few months, La-Devitto has declining of revenue. The research conducted a survey to find the cause of the decreased revenue. The survey was conducted to 15 respondents by giving a score of 1-5 about taste, packaging, and promotion. Survey results state that promotion has a very low score.

Researcher conducted a survey to determine the cause of decreased turnover. The survey was conducted to 15 respondents by giving a score of 1 - 5 about taste, packaging and promotion. Survey results state that promotion has a very low value. According to Sunyoto (2013), marketing communication not only serves as a tool for communication between companies and consumers, but also tool to influence consumers in the purchase or use the products according their needs and desires. In addition, according to (MMC, 2018), marketing communication can increase sales where the message delivered creates a way for customers to be aware, aroused, and ultimately make a purchase.

La-Devitto does not have online marketing communication strategy yet, whereas online is booming in Indonesia. Furthermore, Roy Mandey which is the Chairman of The Association of Indonesian Retail Entrepreneurs (Aprindo) said that middle-up community has been changing especially in the spending patterns. Currently, many people choose to have online transaction. In addition, according to Asian Outlook (2018), Indonesia is becoming a booming market for online shopping. Followed by an increasing number of internet users, Indonesia has the potential to become a fast growing e-commerce market in Southeast Asia (Asia Outlook, 2018).

La-Devitto sells pudding online using social media which is Instagram. La Devitto does not have an online marketing communication strategy yet. With the booming of online and high potential of online in the future, La-Devitto will create online marketing communication strategy. La-Devitto wants to create marketing communications efficiently that can minimize the cost, time and optimize results. This research aims to create online marketing communication to promote La-Devitto.

## **LITERATURE REVIEW**

### **Strategy**

According to Pearce II & Robinson (2008), strategy is a large-scale plan with future orientation in order to interact with the competitive environment to achieve the goals. In other hand, according to Rangkuti (2013), strategy is the comprehensive planning which explains how the company achieve the goals that have been set. According to David (2012), the stages of strategy formulation include: a) input stage which contains basic input needed to formulate the strategy b) matching stage which focus on the creating the alternative strategy with regards of external and internal factors c) decision stage which decide the strategy that will be used.

### **Marketing Strategy**

According to Kotler and Armstrong (2012), marketing is social and managerial process whereby individuals and groups get what they need and want through the creation and exchange of products and values with each other. Marketing strategy is logic of marketing where the companies expect to create value for customers and can achieve beneficial relationship with customers (Kotler and Armstrong, 2012). According to Kotler & Armstrong (2012), there are four aspects in marketing (4P's) which are:

1. Product. According to Kotler and Armstrong (2012), products are everything that is offered to the market to be noticed, used, or consumed to satisfy the needs and wants. Products should be set to meet consumer needs and achieve company goals.
2. Price, is money paid to get the product or service or the total values that consumers exchange to get the benefit of products and services that they want.
3. Place, is a variety of activities where products can be reached and available to consumers.
4. Promotion, is communication where telling, persuading, and reminding potential buyers to influence opinions in generating a response.

### **Online Marketing Communication Strategy**

According to Kotler and Armstrong (2012), marketing communication is process to inform, persuade, and remind consumers both directly and indirectly about the product being sold. Therefore, marketing communication becomes an important point and should not be missed. If business is be able to use it well, then their marketing will become more effective. According Kotler and Keller (2012), there are 8 aspects of marketing communication or called promotional mix.

1. Advertising is form of presentation that is not done by people but in the form of promotion of goods, ideas, or services by sponsors who have been formed.
2. Sales promotion is various types of short-term incentives to encourage customer to buy products or services.
3. Personal selling is face-to-face with one or more buyers with the purpose to do presentation, answer question and get the orders.
4. Events and experiences is activities or programs that is sponsored by company to create interaction related to particular brand.
5. Public Relation and publicity is programs designed to promote and protect the company's name and image.
6. Direct marketing is the used of mail, telephone, email or the internet to communicate directly or request a response or dialogue from a particular customer or prospect.
7. Interactive marketing is activities and online programs designed to engage customers directly or indirectly to increase awareness, improve image, or create sales of products and services. In the interactive marketing, Bampo *et al.* (2008) stated that viral marketing is strategy to push individual to spread the message through internet whereas it have potential to increase multiple times during its deployment.
8. Words of Mouth, is communication both orally, in writing, and electronically between communities that related with the product excellence or using the product or service or the buying experience.

Kaplan & Haenlein (2010) stated that online marketing through social media is application that is built with technology of web 2.0 where facilitate the exchange of contents between businessman with the users. According to Kaplan and Haenlein (2010), there are 6 categories of social media which are:

1. Collaborative project is content creation by multiple users by multiple users to produce better results than just 1 user.
2. Blogs and microblogs are personal content where the author tells and gives a lot of personal information.
3. Content communities are content shared between users toward other users where only a small amount of personal information revealed such as community join dates and how many videos were uploaded.
4. Social networking sites are applications where users can connect to one another by creating photo profiles, inviting friends to upload photos, and exchanging short messages and emails. Applications that is included in social networking sites are social media like Facebook, Instagram, Twitter, WhatsApp, etc.
5. Virtual game worlds are platform that replicates the 3 dimensional environment in which users appear in the form of avatars and interact with each other as in the real world
6. Virtual social media is platform that allow users to behave freely and live in a social world similar to their normal lives. Users use avatars to interact with others and there are no certain restrictions.

In addition, according to Kaplan and Haenlein (2010), there are 10 important points in using social media which are:

1. Choose carefully the social media. There are many kinds of application in social media. Therefore, people need to choose carefully about the social media used. Choosing the right social media depends on the target market to be achieved and the message to be communicated.
2. Pick the application, or make your own social media. By using the current social media, the company will get advantages from popularity and users. However, in the some cases, social media can be created based on the needs.

3. Ensure activity alignment between some social media channel. The message within each of social media cannot be contradiction.
4. Media plan integration of social media can be integrated with traditional media such as television.
5. Access for all to employees.
6. Be active to ensure that all contents are fresh to be discussed between users.
7. Be interesting by writing interesting contents and listening what consumers want, talk, enjoy, and appreciate.
8. Be humble because users have broad knowledge in social media.
9. Be unprofessional to not be afraid making mistake.
10. Be honest in using social media.

### **Benchmarking**

According to Andersen and Pettersen (1996), benchmarking is a process of continuous measurement and comparing one's business processes to obtain information that will help the organization identify and implement the improvement process. In addition, Wong and Wong (2008) defines benchmarking as a management tool where it has a systematic process of seeking best practices, innovative ideas and lead efficiency for continuous improvement. Hong *et al.* (2012) states that benchmarking is an important tool in business so businesses can be sustainable and have competitive advantage as it has been through various value chain strategies and operational levels. According to Andersen and Pettersen (1996), there are five stages of benchmarking which are:

1. Plan is the first stage of benchmarking. In this stage, it is assessing performance periodically, arrange, and determine the performance of the company which will be compared with the company selected as a benchmark.
2. Search is the second stage of benchmarking. In this stage, it is starting to look for potential companies as partners that will be compared. Companies will be listed and selected to become benchmarks.
3. Observe is collecting information of company's benchmark. This can be done with many ways such as observation, search on internet, and interview.
4. Analyze, it is looking for the difference between the performance of benchmark companies and own company. Then, analyze it.
5. Adapt, key success factors of benchmark's companies will be compiled, adapted, and implemented in our company as improvement for our company. In addition, there will be evaluation towards improvement of our performance in order to achieve company's goals.

### **RESEARCH METHODS**

This research use qualitative methods. Sampling method used is non-probability sampling with purposive sampling. For this research, there are some criteria for informants which are (1) company is selling online products (2) company has been established than three years, (3) company has followers more than 1000 on Instagram, (4) company have more than 100 posting. This research uses interview to collect the data. According to Bungin (2013), interview is the process collecting information face to face by questioning and answering between the interviewers with the respondents interviewed for research purposes with or without using the guidelines.

According to Cooper and Schindler (2014), validity is the degree to which the test measures what we really want to measure. According to Cooper & Schindler (2014), reliability relates to an estimate of the rate at which an error occurs. Validity and reliability can be measured by triangulation. Triangulation is a ways of obtaining data that is perfectly valid by a dual method approach (Gunawan, 2015). Triangulation of resources can be done by utilizing different sources to check the degree of information that has been obtained.

Researcher interview three dessert's companies which are Malica Cake, Napoli Ice Cream, and Michael Lee's. Researcher interview three companies to benchmark their online marketing strategy. The purpose of the interview to find valid data and can be used to do triangulation from its data.

**FINDINGS AND DISCUSSIONS**

Based on the interview, three benchmark companies are family business. Napoli has been established for more than 48 years, Michael Lee’s has been established for 18 years and Malica Cake has been established for 13 years. In the first generation, Napoli promoted its products by offering and selling directly to consumers. On the other hand, at the second generation, Napoli has been promoting their products by following current trend which is use online. Having Napoli as the research’s subject, researcher can obtain information about how Napoli first started its business until it can be survived until now. On the other hand, from Malica Cake and Michael’s Lees interview, researcher can get information about how their companies struggle in order to promote their products. The three of benchmark companies use online media to promote their products by using Instagram and website.

From interview, it can be known that three benchmark companies are using online media because they are following the current trends. They achieve many benefits after selling products with using online. For example, Malica Cake stated that their sales has been increased more than 50% after selling online. The other two companies also get the more benefit after selling online.

La-Devitto has vision to become innovative dessert and trustable company. There are some missions of La-Devitto to achieve the vision which are keep increasing quality of products, developing new creative products, and giving the best services. The research uses SWOT analysis to identify opportunity, challenge, strength and weaknesses of La-Devitto. The research analyze the opportunity and challenge by looking at the external viewpoint while analyze strength and weaknesses by looking at internal viewpoints of La-Devitto.

**Table 1. Matrix EFE (External Factor Evaluation)**

External Key Factors	Weight	Rating	Score
<b>Opportunity</b>			
Increasing the development of technology	0.24	3	0.72
Increasing users of internet	0.32	3	0.96
Society’s culture to celebrate birthday	0.2	2	0.4
<b>Threat</b>			
Many cafes sell desserts	0.14	2	0.28
Changing of consumers ‘taste	0.1	2	0.2
<b>Total</b>	<b>1.0</b>		<b>2.56</b>

Source: Data processed

**Table 2. Matrix IFE (Internal Factor Evaluation)**

Internal Key Factors	Weight	Rating	Score
<b>Strengths</b>			
Serving elegant dessert	0.2	3	0.6
Customize dessert as customer’s request	0.15	3	0.45
Delivery order to consumers	0.18	3	0.54
<b>Weaknesses</b>			
Low capital	0.05	2	0.1
Limited production	0.12	1	0.12
Less promotion	0.3	1	0.3
<b>Total</b>	<b>1.0</b>		<b>2.11</b>

Source: Data processed

Weight indicates the importance of these factors for the success of the company in the industry. Ratings indicate how effective the company's strategy is in responding to these factors. Rating scale from 1 (not good) to 4 (very good). Score can be earned by multiplying the rating grade of each factor with weight. From the EFE and IFE tables, it can be seen that internal and external factors of La-Devitto are less responsive towards opportunities and threats and indicate La-Devitto has a weak internal positions.

By looking at La-Devitto's internal and external analysis, benchmark companies’ marketing communications strategy fits well with La-Devitto. The benchmark companies’ online marketing

communications strategy sees on the trending happening which is become an opportunity to La-Devitto. In addition, marketing communication strategies does not require large capital in which La-Devitto does not also have large capital. Benchmark companies have characteristics that are identical to La-Devitto. Therefore, by looking at benchmark companies then can be created online marketing communication strategy on La-Devitto.

Data that has been analyzed will be grouped as three categories which are media used in online marketing communication, ways or efforts to manage online media and several things outside the research questions.

#### **Media used in online marketing communication**

Media used in online marketing communication is social media which is Instagram. Three company's benchmark is using Instagram to posting their products. Ashley & Tuten (2014) stated that it is important to update social media as part of marketing's strategy. La-Devitto has been posting its products at social media but it is not done regularly.

Whatsapp as one of social media also has important rules. According to benchmark companies, whatsapp is also used to communicate with consumers. After consumers see the products through online, consumers will ask or order by using Whatsapp. This is in line with the research of Kaplen and Haeinlein (2010) that Whatsapp as one of social media facilitate the exchange of contents between businessman and users. La-Devitto also use Whatsapp as communication media because it is becoming trending and using by many people.

Website is useful as an online marketing communication. Three benchmark companies use website to promote their products as it display all products menu, photos and other information which can be accessed everywhere and anytime. This is consistent with the research of Laia *et al.* (2017) that website as online marketing media is useful to promote the products where providing information about products. La-Devitto as a start-up business does not yet have a website. Later, La-Devitto will search the server provider and create the website.

#### **Ways or effort to manage online media**

Online marketing communication strategy can be done by doing endorsement. Benchmark companies are using endorser in order to promote their products. This is in line with the research of Virtanen, Bjork, Sjoström (2017) that endorsement is effective in social media because it can increase followers fast. La-Devitto as start-up business has Instagram but has not using endorsement yet. La-Devitto will find a quite famous selebgram for endorsement.

Online marketing communication can be done by managing content in social media and also its designs with interesting ways. Content can be managed by giving interesting caption and added value in order to attract more visitors. Additional value can be taken from the uniqueness of the product or product superiority. The added value is displayed on the online media homepage. For example, benchmark company show added value by telling the uniqueness history of the company to its success then it display on the website's homepage. This in in line with the research of Kaplan and Haenlein (2010) in which one of the most important aspect in social media is to write interesting content by listening on what consumers want, what they love to talk, enjoy and appreciate. La-Devitto will search the web designers to create a website and further highlight the excellence of La-Devitto on online media.

Active in social media is needed to promote the product. Three benchmark companies are active in social media. Activeness can be done by posting of products frequently in social media so that content is always fresh. With be active in social media, it will improve followers in Instagram. This is in line with the research of Kaplan & Haenlein's (2010) that social media is actively used to ensure that the content is always fresh so as to attract user's discussions. La-Devitto has Instagram but rarely posted photos of products on Instagram. La-Devitto will actively post products on social media so that content is always fresh.

The three benchmark companies are looking for good point of view in taking photos. They also take photos with the SLR because the results are better than the camera of hand phone. This is in line with Buinac & Lunberg (2015) research that the images taken must have good quality and high resolution, each image is edited for example in light and contrasting aspects to make the products appealing.

La-Devitto has been looking for a good point of view, arranging the product before taking photos and pay attention on the contrast of color in the product photo. Apparently, this is not enough because photo will look good by using SLR instead of camera's hand phone. La-Devitto will learn to use SLR to take photos of products.

Besides those findings, the researcher also found some important points which is words of mouth marketing and sales promotion. Words of mouth as one of marketing strategy is important for three companies' benchmark. Words of mouth is happened spontaneously by consumers. Words of mouth can be done by using reference. Reference can be done by giving a mention in social media so that people can discuss with friends. According to benchmark companies, reference will have a major impact for companies. Therefore, three benchmark companies should maintain the quality of their products so that the consumers will give a positive reference. Companies respond on customer's complaints fast and ready to compensate for any mistake of human error from products delivered. This is done in order to get a positive reference from customers. This is in line with Claro & Lakban (2011) research that Words of mouth affects online consumption because companies cannot control what is informed to consumers. La-Devitto gets little of mention from visitors. La-Devitto will create interesting content to get lots of mentions from visitors.

According to benchmark companies, sales promotion is important in order to promote the products. Giving sales promotion can encourage people to buy products. There are many ways of sales promotion as giving discounts, free delivery or giving giveaway.

## **CONCLUSIONS AND RECOMMENDATION**

The results of data analysis can be categorized as three part which is media used in online marketing communication, ways or efforts to manage media online, and some important points outside research questions. From the data analysis, media used in online marketing communication is Instagram and Whatsapp since it becomes current trending. In addition, it also need website as media to display all products menu, photos and other information which can be accessed everywhere from any countries and anytime within 24 hours. There are some ways or efforts to manage media online by using endorsement, be active to update social media, create interesting content and take appealing product's picture. Furthermore, words of mouth and sales promotion is important things as part of marketing strategy.

Previously, La-Devitto is only enough with only few posting in Instagram, at least there is a photo of the products. Therefore, La-Devitto as start-up business need to be active in social media at least posting in Instagram minimum once in a week. Furthermore, La-Devitto should give sales promotion such as discount, free delivery or giveaway to increase sales in certain events such as giving giveaway for repost with highest likes. La-Devitto does not have website whereas website is needed whereas everyone can access everywhere and anytime. Therefore, La-Devitto should find web designer to create website. In addition, La-Devitto needs to display its excellence on the homepage of website. Moreover, La-Devitto should arrange the products as attractive as possible where given supporting property, arranged light composition, color, and appealing point of view. La-Devitto is not using endorsement previously. Therefore, La-Devitto should use endorsement as it is effectively to increase followers in Instagram.

## **LIMITATION OF STUDY**

There are limitation of this study. The research only discuss about online media which is social media and website. Therefore, with many online media used, it will increase input for this research.

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