

Business Competition in the Era of Technology: Shifting the 4P to 4C

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Abstract. Micro, small and medium enterprises (MSMEs) play a vital role in economic development and growth, especially in Indonesia. It is widely recognized that MSMEs are very important because of their main characteristics that distinguish them from large enterprises, especially because MSMEs are labour-intensive enterprises, exist in all locations, especially in rural areas, are more dependent on local raw materials, and are the main providers of goods and services. Along with the development of the mindset of the community, the majority of MSME actors have also changed their mindset in determining the marketing strategy used, from product orientation, consumer orientation, value orientation, technology orientation and to build the super smart society. Business digitalization also evolve the marketing mix from 4P (product, place, price and promotion) to 4C (co-creation, currency, communal activation, and conversation). However, there are barriers in the face of digitalization economy, including technology adoption and cyber-crime.

Keywords: Marketing Mix, Digital Marketing, MSMEs.

INTRODUCTION

Competition in the business world is something that is very common and cannot be avoided. This has had a great impact on both consumers and the providers of products or services. From the consumer's point of view, increasing the number of products selected due to business competition will make them have a better ability to choose the desired or needed product (Adom et al, 2016). On the other hand, business competition will also make company strategies in determining price, quality, or other promotional strategies to be the key in directing consumer purchasing decisions. Therefore, an effective marketing strategy will be needed by MSMEs, regardless of the type of product or service offered to consumers. As many marketers assume that consumer behaviour is

not only influenced by consumer characteristics, but also influenced by how company formulate the marketing mix used (Heras-Rosas & Herrera, 2021).

Along with the development of the mindset of the community, the majority of MSME actors have also changed their mindset in determining the marketing strategy used. Over the past 70 years, the approach to marketing strategy has evolved in different forms (Sima, 2021). The birth of Marketing 1.0 in 1950 was the beginning of the thought that industrial machines were needed to accelerate production. In this commodity era, the 4P marketing mix (product, price, place and promotion) is considered to be the backbone of business development. In this case, product quality improvement, price competition, use of physical stores, and a one-way marketing communication approach using brochures or posters are used to introduce products and their various advantages to encourage consumer buying interest (Moncrief & Cravens, 1999). This is what makes Marketing 1.0 better known as a product-based marketing strategy, where the company tries to emphasize the importance of quality to provide functional convenience in using the product (Dholakia et al., 2010).

Entering 1970 with the discovery of various new technologies such as radio and television, Marketing 2.0 was then introduced by assuming that the company's orientation only on products was not enough to attract consumer buying interest. The large number of products circulating in the market makes consumers have the ability to choose and compare various existing products before making a purchase. This then encourages business people to shift from a product focus to an approach that is more oriented to consumer needs. In this era of consumer orientation, the marketing approach is carried out with the 4C approach (customer solution, customer cost, communication and convenience). Therefore, the company's ability to provide customer service that can help consumers to choose products that suit their needs, include specific prices based on various cost variables according to the benefits derived from using the product, conduct marketing communications efficiently through a two-way approach, to Maintaining the availability of products around the residence of the target consumers to increase comfort for consumers is the key to the success of a consumer-oriented company (Erragcha & Romdhane, 2014). In other words, products that can be modified according to consumer needs are an important concept in the 2.0 marketing strategy. In this era also the expression "the buyer is king" began to be widely known (Craven, 2005).

The birth of marketing strategy 3.0 in 1990 again changed the marketing pattern used by business people. In this era, value orientation has become an important positioning in the products and services provided to consumers. Marketing 3.0 strategy not only enhances the functional advantages that become the competitiveness of businesses in marketing 2.0, but also emphasizes the superiority of products or services that can create strong bonds between companies and consumers emotionally. The rapid development of information and communication technology makes the physical existence of the company no longer a barrier for consumers to be able to get the desired product or service (Skrobich, & Kot, 2018). In this era of value orientation, the internet is the key for companies to penetrate the boundaries between countries. Marketing activities in this era are not only able to reach local consumers, but also make it easy for companies to do marketing globally through websites. In addition, social media is also an important marketing communication tool in marketing 3.0, which provides space for consumers to experience various consumption experiences of products or services from the company. Therefore, online word of mouth is also an important aspect that can change consumer behaviour (Kotler et al., 2010).

Major changes in the marketing concept after the increasing social ties among online consumers entered the year 2010, then prompted market participants to use various automation technologies in their marketing strategy approach. Marketing 4.0 is the use of automation technology that is oriented to the consumer experience, where the role of artificial intelligence (AI) is used to create, identify, communicate, and create and increase the perceived value of consumers as a whole (Zang et al., 2012). In this case, marketing 4.0 not only combines the ability of products to be modified and increase value as the two previous marketing strategies, but also offers direct interaction between consumers and company products or services by using AI to provide services to consumers. In this era, the collection of consumer data carried out by AI is very important for companies to identify consumer needs personally (Jara et al., 2012). Through barcode technology, radio frequency identification (RFID) and near field communication (NFC), consumers will easily choose, compare and assess the ability of a product or service to meet their needs. This is what makes marketing 4.0 considered an “economy digitalization era,” where eTrade and mTrade are important marketing channels in this era (Kotler et al., 2016).

The continuous development of automation technology gave birth to the concept of Marketing 5.0 in 2020. In this era of super smart society, collaboration between technology and humans is expected to increase efficiency for consumers in consuming company products or services. In general, the two main goals of marketing 5.0 are to emphasize the importance of improving the quality of life of consumers through automation technology, and improving the quality of interactions between consumers and service providers using AI technology (Lee & Trimi, 2018).

Therefore, the use of advanced technology and digital customer experience development will become the basic concept in service automation in marketing 5.0. Six advanced technologies that support marketing 5.0 include advanced computer devices that are cost-effective, open source software, interactive technology in the form of augmented reality (AR) and virtual reality (VR), internet-based use of cloud computing and AI, mobile devices that make it easy to consume products or services, and operations of big data capable of efficiently storing and managing large amounts of consumer data (Salgues, 2018).

Micro, small and medium enterprises (MSMEs) play a vital role in economic development and growth, especially in Indonesia. It is widely recognized that MSMEs are very important because of their main characteristics that distinguish them from large enterprises, especially because MSMEs are labour-intensive enterprises, exist in all locations, especially in rural areas, are more dependent on local raw materials, and are the main providers of goods and services (Rohadin & Yanah, 2019). It is often stated that common things often occur in most MSMEs in Indonesia is that the business management that is more individual in nature and involves family and its relatives. In addition, the existence of small industry access to formal credit institutions is low, limitations and difficulties in procuring raw materials, weak competence in human resources and many other things (Jumiati et al., 2021). Therefore, this research was conducted to create a mapping of marketing 5.0 strategies that can be used by MSME owners in Indonesia to increase competitiveness in facing the era of technology for humanity. Thus, MSMEs in Indonesia are expected to have sufficient capital to compete in a global scale of industry.

MATERIAL AND METHODS

This research uses a qualitative design approach, which is general in nature, and develops according to the research situation. This research design is also called the interpretive method considering that the research data is closely related to the interpretation of the data found during the study. Qualitative research design is also global, not detailed, uncertain and very flexible, so the research design is only used as an assumption to conduct research. The main reference of this research is literature study, where data is collected by researching and understanding books, previous research journals, documents or other written sources related to the research theme. The literature study approach is used because the data is fixed, authentic, easy to find, and can be accounted for considering that the research that has been published both physically and online has gone through a process of validity and has met the requirements of standardized research procedures (Putra & Lisnawati, 2012).

Furthermore, data analysis was carried out using the Miles and Huberman analysis approach. Data analysis or interpretation is the process of searching for and systematically arranging records of research findings through observations and others which are useful for increasing the researcher's understanding of the focus being studied and making it a finding for others, editing, clarifying, reducing, and presenting it (Arikunto, 2010). The data generated through the literature review will be managed using several techniques. The data analysis technique is carried out in several steps, namely reducing data where the researcher selects the data that is needed and which data is not needed. Then, the next step is to present the data that has gone through the data reduction process. And after that, the data that has been presented earlier will then be interpreted through a data analysis process (Sugiyono, 2016).

RESULTS AND DISCUSSION

The Evolution of Marketing Mix in Business Digitization

The marketing mix is a marketing activity that is carried out on an ongoing basis. The use of the marketing mix in business is actually a company's effort to influence consumer behavior. These activities are carried out simultaneously among the elements in the marketing mix itself. The four elements of the marketing mix are known as the 4Ps (product, place, price and promotion), where each element is considered unable to work

independently without the support of other elements. Products are generally defined as something that has a selling value, either in the form of physical goods or services, which are offered to attract the attention of consumers, so that consumers can consume products to meet their needs. The product strategies used in marketing include product attributes (quality, features, style & design), brands, packaging and labels (Kotler & Keller, 2016). Price is a sum of money that serves as a medium of exchange to obtain products or services as a determinant of product value in the minds of consumers. In general, internal and external factors will affect how companies calculate their pricing strategy. From an internal point of view, prices are strongly influenced by marketing objectives, companies, marketing mix strategies, production costs. Meanwhile, from an external point of view, prices are influenced by the nature of the market and demand, competition, government policies and regulations (Kevin, 2015).

A product design that can attract consumers' attention, which is accompanied by the company's ability to design an attractive pricing strategy, will then require a strategy related to how the company can offer the product using the other two marketing mixes: place and promotion. Place is associated as a distribution channel aimed at reaching target consumers. This distribution system includes location, transportation, warehousing, and so on. In this case, the place that attracts the attention of consumers is the most strategic, fun, and efficient place (Resnick et al., 2016). In addition, the choice of distribution channels used by the company can also indicate how many organizational groups are needed to make a product or service available for consumption. On the other hand, promotion is a marketing activity carried out by companies to convey product benefits and persuade consumers to buy the products or services offered to them. Some of the promotional activities that are widely used include in the context of MSMEs such as advertising in the form of brochures or posters, and sales promotions in the form of discounts or discounts. When the four marketing mixes have been running in harmony, the company's ability to direct consumers to purchase products or services will also increase (Kalogiannidis & Matratzas, 2020).

MSMEs engaged in the retail business are considered to have a good ability to switch to business digitization, considering that the retail business itself is indeed known as a pioneer in internet-based commerce. The eCommerce business that Amazon chose in 1994 is a concrete example of business digitization that is able to change the view that

place in the marketing mix is no longer valid to be used as a strategy that can attract consumers' attention to make product purchases (Chackochan, 2018). This is what drives business digitalization to evolve the marketing mix from 4P to 4C, namely co-creation, currency, communal activation, and conversation. Co-creation is a company's effort to change a product that was originally in physical form, into data that is displayed in the form of a visual design, then offered to consumers through the company's website. With product development like this, consumers will have a high perception of the company's ability to create value because of its ability to offer personalized options and product customization according to consumer desires. In other words, product transformation into co-creation refers to adding value to the product itself through the product's ability to be changed according to consumer expectations and desires (Kotler et al., 2017).

Price in the 4P model is considered a standardized strategy, considering that pricing in general is very closely related to production factors and the profits expected by the company. Meanwhile, in the digital context, currency-based pricing has a more dynamic nature. Changes in prices offered to consumers may occur in certain situations. This pricing strategy has been widely used since the internet was used in business, especially in the hospitality industry. This condition arises because consumers are increasingly sensitive to prices under certain conditions. Consumers consciously know that a product or service is not worth buying when they feel that the product has a high cycle, so many consumers will prefer to make a purchase when prices drop at the end of the season or on holidays. This is the reason why companies from the digital business environment change their price strategy into currency, considering that the value will change over time. Many researchers think it has something to do with the perception of fair price. Price fairness is defined as a fairness evaluation carried out by consumers to understand price differences between product or service providers.

A price strategy that is perceived as unfair will cause consumer dissatisfaction, which in turn will make consumers spread negative information that can harm the company (Fleischmann et al., 2004; Deksnite & Lydeka, 2012; Haws et al., 2016).

Communal activation uses the concept of peer-to-peer distribution by providing easy access for consumers to be able to consume company products or services that have been used by other consumers. In this case, communal activation has changed physical marketing channels, places in the 4Ps, into community-based digital marketing channels.

The use of community in digital marketing is basically used to build a strong consumer network among the targeted community as potential target consumers (Gunawan, 2013). Community is a collection of people or groups who gather and discuss because they have the same goals or interests in a particular field. In the digital context, virtual communities are more flexible, especially in the dimensions of space and time. Anyone, anytime, and wherever they are, can still actively join and discuss in virtual communities. Precisely with the existence of a community, companies must be keen to take advantage of these opportunities to give life to a profitable community. Community activation in online marketing channels is done by activating a community through the leaders or activists of the community. Companies such as Facebook as a web-based social networking community is one example of a marketing step that can be realized through communal activation. The user population is approximately 250 million people who are facilitated by various applications and features that support online transaction activities (Handayani & Martini, 2014).

Conversation is a variable that replaces promotion in the 4P marketing mix. Conversational marketing is centered on the interaction of one person and another individually, between consumer and other consumer, or between consumer and company or their representations in real-time nature and with the aim of building strong relationships between consumers and improving the consumer experience in consuming company's products or services (Israfilzade, 2021). Many researchers suggest that the power of word-of-mouth that develops in the community has a higher ability to make consumers buy or not buy the company's products. Especially in the digital world, the development of eWOM can be said to be too fast, so that the good or bad of the products or services offered by the company can be known directly by consumers in a matter of seconds. The use of eWOM has greater potential than any promotional mix that companies use, because conversations that occur in cyberspace can affect how consumers respond to other consumer opinions. In addition to very low costs, the speed of information spread is also growing faster than other promotional mixes (Trusov et al., 2009; Muhammad, 2016; Krishnan & Nene, 2018).

Barriers in the Face of Digitalization Economy

Adapting new technology is considered as an important issue in digital business. Adapting new technology is not only a barrier for MSME owners, but also encourages

target consumers to learn how to adapt to the new technology. When viewed from the consumer age generation, the older generation with limited information technology knowledge and rural communities with low levels of education will face great difficulties in accessing various new technologies used in business (Yean, 2018). Although in recent years, the older generation's access to digital businesses has also continued to increase due to the increasing use of social media. Therefore, the potential consumer target for business in this digital era is still dominated by consumers from Generation Z who were born around the 1990s and Generation Alpha as children from Generation Z born after 2010 (Arar & Yuksel, 2015). Apart from being able to adapt to the digital world, digitization itself is also very vulnerable when viewed from the level of security. There are many cases where consumers are found who feel disadvantaged due to cyber-crime actions that threaten the development of digital businesses.

Crimes such as the misuse of credit cards by hackers or the use of personal information to disguise crimes for example. On the other hand, many business people are also worried about the inequalities in the use of new technology among them, so that a business monopoly cannot be avoided, which in turn will harm other business actors (Apau et al, 2019).

CONCLUSION

Basically, consumers have almost the same characteristics, where consumers have expectations and expectations that must be understood by MSMEs as providers of products or services to consumers. In the context of digital marketing, there are several reasons why the use of technology in marketing can provide more benefits not only to companies but also to consumers. Various marketing tools such as websites, social media or marketplaces, are basically able to provide convenience for consumers to get the desired product or service. When consumers feel that marketing media is comfortable to use, consumers will be able to use it continuously for a long time. Besides being more effective and efficient, business digitization will also make consumers feel various advantages as perceived value. In addition, the features of digital marketing media are also user centric. In this case, digital technology will allow consumers to be one of the parties that contribute to decision making, considering that consumers are given the option to personalize related specifications to the desired price.

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