



Implementation of Segmenting, Targeting, and Positioning in Marketing Strategy in Light Industry Online Business in Batam

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ABSTRACT

This study investigates the development of online businesses in Batam City by examining key growth factors, identifying common obstacles, and analyzing the influence of payment systems and social media platforms. The findings reveal that Batam's strategic location, the presence of young and tech-savvy entrepreneurs, and strong digital infrastructure have significantly contributed to the growth of online commerce in the region. However, challenges such as limited access to capital, inconsistent internet connectivity, and regulatory ambiguity continue to hinder the full potential of digital entrepreneurs. Additionally, the study highlights the crucial role of digital payment systems and social media platforms in enhancing operational efficiency, building consumer trust, and sustaining small-scale online businesses. To fully optimize these benefits, greater investment in digital literacy, regulatory clarity, and financial accessibility is essential. The results indicate that the growth of online businesses in Batam City is driven by a combination of strategic location, youthful digital entrepreneurs, and strong digital infrastructure. However, persistent barriers such as limited access to capital, uneven internet quality, and regulatory confusion continue to challenge entrepreneurs. Payment systems and social media platforms are essential tools that enhance operational efficiency, trust, and sustainability, though they must be accompanied by education and support to maximize their impact.



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INTRODUCTION

Batam, located in Indonesia's Riau Islands Province, has grown into a prominent industrial zone within Southeast Asia. Batam has attracted extensive foreign direct investment, especially in the electronics, maritime, plastics, and precision engineering sectors. This rapid industrial development has significantly influenced the demographic and economic landscape of the city.

As of 2025, a substantial portion of Batam's population is composed of employees working in foreign-invested companies, often in export-oriented manufacturing. The average monthly income for workers involved in Micro, Small, and Medium Enterprises (MSMEs) is approximately IDR 4,900,000, positioning Batam's working class in the lower-middle-income bracket with relatively stable purchasing power. To accommodate this labor force, many companies provide company-sponsored dormitories located close to industrial estates such as Batamindo, Panbil, and Tunas Industrial Park. These housing facilities usually include essential amenities and are strategically (Novita & Santoso, 2025) placed to reduce commuting times, thereby improving attendance and productivity.

This demographic structure young, employed, digitally connected, and residing in dense industrial zones creates a distinct consumer segment that is increasingly reliant on online platforms for shopping, entertainment, and communication. It also presents a significant opportunity for online businesses in the light industry sector (Santoso et al., 2020) to leverage Segmenting, Targeting, and Positioning (STP) strategies (Susanto & Santoso, 2024) that are tailored to the needs, behaviors, and purchasing capabilities of this workforce (Saputra & Wulandari, 2020).

Batam's emergence as a light industry center is driven by its strategic geography, business-friendly incentives, advanced infrastructure, and rapid industrialization. These assets make the island a

prime location for light manufacturing, electronics, precision engineering, and digital-savvy industrial enterprises an ideal foundation for exploring STP-based marketing strategies (Suhartini & Nugroho, 2019) in the online context.

This research is driven by the rapid growth of online businesses in Indonesia, particularly in Batam City. This trend is especially significant given the high number of individuals without permanent employment, for whom online selling has become an effective means of generating income. The expansion of online stores across various sectors such as food (Oktaviana et al., 2021), household goods, and electronics reflects this shift. One notable development is the rise of e-commerce businesses that offer both cash and installment payment options. These online stores operate entirely through digital platforms such as Facebook, Instagram (Hariyanto & Putri, 2019), and WhatsApp, enabling sellers to reach customers efficiently and directly.

The rapid development of online businesses in Indonesia, particularly in Batam City, reflects a significant shift in the way individuals pursue economic opportunities. In the face of widespread informal employment and limited access to stable jobs, many people have turned to online selling as a practical means of generating income. This phenomenon is evident in the increasing number of digital-based stores operating across various sectors, including food, household appliances, and electronics. A particularly notable trend is the emergence of e-commerce businesses that offer flexible payment systems, such as cash or installments, to accommodate a wider range of consumers. These businesses rely heavily on digital platforms most notably Facebook, Instagram (Putri & Santoso, 2024), and WhatsApp as their primary channels for marketing, sales, and customer interaction. This study aims to explore the dynamics, challenges, and economic impact of such online business models in the context of Batam City.

The rapid advancement of digital technology has significantly (Santoso & Legowo, 2014) transformed business models across the globe, including in Indonesia. In recent years, online businesses have experienced substantial growth, offering new avenues for income generation and entrepreneurship. This shift is particularly evident in Batam City, where economic conditions and limited availability of permanent employment have encouraged individuals to explore alternative forms of livelihood.

Online business activities in Batam have seen a marked increase, especially in the form of small to medium enterprises (SMEs) leveraging digital platforms to reach consumers (Satriadi et al., 2022; Santoso & Sihab, 2024; Santoso et al., 2025). These businesses span various sectors, such as food and beverages, household appliances, fashion, and electronics. One of the most notable developments within this trend is the rise of e-commerce models that offer both cash and installment-based payment systems. These flexible options have made online shopping more accessible to a broader demographic, particularly in areas with limited banking infrastructure or credit access.

Unlike large-scale e-commerce platforms such as Tokopedia (Septiani & Santoso, 2024) or Shopee (Faradhilah & Santoso, 2025), many of these businesses operate independently through social media platforms (Faradhilah & Santoso, 2025; Marshel & Santoso, 2024) like Facebook, Instagram, and WhatsApp. These platforms serve as marketing, communication, and transaction channels, enabling entrepreneurs to directly interact with their customers. The low barrier to entry, minimal capital requirements, and ease of use have contributed to the popularity of this model, especially among first-time entrepreneurs, housewives, and unemployed youth.

Despite its promising growth, the online business landscape in Batam faces several challenges. These include digital literacy limitations, lack of regulatory clarity, consumer trust issues, and inconsistent income streams. Moreover, because many of these businesses are informal and operate without legal registration, they often fall outside of formal economic data and support programs. Understanding these dynamics is essential for assessing the true potential of digital entrepreneurship in regional economies like Batam.

While online businesses are flourishing in Batam City, there remains a lack of comprehensive research on their operational dynamics, sustainability, and socio-economic impact. Key questions include: (1) What motivates individuals in Batam to engage in online business? (2) What are the main challenges they face in running their businesses digitally? (3) How do flexible payment options (cash vs. installment) affect consumer behavior and seller strategy? (4) What role do digital platforms play in shaping the success of these businesses?.

This study aims to: (1) Examine the factors that drive the growth of online businesses in Batam City. (2) Identify the main obstacles encountered by digital entrepreneurs. (3) Analyze the impact of

different payment systems on buyer and seller behavior. (4) Assess how social media platforms support the sustainability of small-scale online businesses (Santoso, & Kasih, 2024).

Digital Entrepreneurship in Indonesia

Digital entrepreneurship refers to business activities that are enabled or supported by digital technologies, including the internet, mobile devices, and social media. In Indonesia, the rise of digital entrepreneurship has been particularly impactful in addressing unemployment and underemployment. According to Wibowo and Handayani (2021), digital platforms have opened up new pathways for economic inclusion, especially for individuals in informal sectors who lack access to traditional capital or employment opportunities. These platforms reduce entry barriers for small entrepreneurs by minimizing overhead costs and offering direct-to-consumer communication (Dewi & Winarningsih, 2020; Kusuma & Sari 2021).

In Batam City, where many residents seek alternative income sources due to limited access to permanent jobs (Badan Pusat Statistik Kota Batam, 2023), digital entrepreneurship has become an increasingly popular strategy. The relatively high internet penetration and digital literacy in urban Batam further support this development.

The Role of Social Media in Online Business

Social media platforms play a central role in the success of small-scale online businesses. Platforms such as Facebook, Instagram, and WhatsApp are not only used for communication, but also for marketing (Sabella et al., 2022), order processing, and customer service. Kaplan and Haenlein (2010) emphasized that the interactive and real-time nature of social media fosters closer relationships between businesses and customers, enhancing trust and loyalty.

Setiawan and Ariyanto (2020) found that in Indonesia, small and medium enterprises (SMEs) that actively engage on social media tend to have better brand visibility and higher customer retention. These platforms provide a low-cost yet highly effective channel for promoting products and services, especially for businesses that do not have formal e-commerce websites.

E-commerce and Payment Flexibility

E-commerce in Indonesia is not limited to large platforms like Tokopedia or Shopee (Syam & Santoso, 2025; Soka et al., 2025). Many micro and small businesses operate independently through social media, offering flexible payment options such as cash on delivery (COD), bank transfers, or installment plans. According to Laudon and Traver (2022), the flexibility of payment systems is a critical factor influencing customer purchase decisions, particularly in emerging economies where credit access may be limited. Offering installment payments allows sellers to cater to a broader customer base, including lower-income segments who may not be able to afford large purchases upfront. This approach is commonly used in Batam, especially for products like electronics, fashion, and household goods.

The findings of this research will contribute to a better understanding of how digital entrepreneurship can serve as a viable economic alternative in regions facing employment challenges. It will also provide insights for policymakers, educators, and support institutions on how to design interventions, training, or policies that support the online business ecosystem. Furthermore, it offers practical implications for aspiring entrepreneurs seeking to build resilient and competitive online ventures in similar socio-economic contexts.

This research focuses on online businesses operating in Batam City that utilize digital platforms specifically Facebook, Instagram, and WhatsApp as their primary channels for customer engagement. The study primarily targets individual entrepreneurs and SMEs (Satriadi et al., 2022) that offer cash or installment payment systems. Large-scale e-commerce platforms and businesses outside the selected geographic area are excluded from the scope. Limitations may include the availability of reliable financial data and the self-reported nature of qualitative interviews.

RESEARCH METHODS

This research uses a qualitative descriptive research design to explore the development (Sugiyono, 2022; Santoso & Kasih, 2024) and dynamics of online businesses in Batam City. A qualitative approach is appropriate because the research aims to understand the motivations, behaviors,

challenges, and experiences of online business actors, particularly those using social media platforms such as Facebook, Instagram, and WhatsApp. The primary subjects of this study are individual entrepreneurs and owners of small to medium-sized online businesses in Batam City who conduct sales via digital platforms and offer either cash or installment payment systems. A purposive sampling technique is used to select informants who meet the following criteria: (1) Actively operate an online business based in Batam. (2) Sell products through social media (Facebook, Instagram, or WhatsApp). (3) Offer payment flexibility (cash or installments). (4) Have operated their business for at least six months.

Interviews are conducted with selected business owners to explore their motivations, business processes, challenges, payment strategies, and digital marketing practices (Kotler et al., 2016; Dewi & Winarningsih, 2020). Researchers observe online interactions between sellers and customers to understand how businesses engage with their audience (Kotler et al., 2016). This research uses thematic analysis to process qualitative data. To ensure credibility and trustworthiness, this study applies: (1) Combining data from interviews, observations, and documents. (2) Informants are invited to review and validate the transcript or interpretation of their responses. (3) The researcher discusses coding and interpretation with academic peers or supervisors to minimize bias.

RESULTS AND DISCUSSION

This study involved 12 online business owners in Batam City. All respondents operated their businesses using digital platforms such as Facebook, Instagram, and WhatsApp, and offered flexible payment options (cash or instalments). The businesses varied by product type, including clothing, electronics, food & beverages, and household goods. Most respondents were women aged 25-40, with varying educational backgrounds and business durations ranging from 6 months to over 3 years.

Table 1. Overview of Respondents

Respondent	Business Type	Platform Used	Payment Options	Years in Business
R1	Fashion	Facebook & WhatsApp	Cash & Installments	2 years
R2	Electronics	Instagram	Installments only	1.5 years
R3	Snacks & Beverages	WhatsApp	Cash only	3 years
...

Factors Driving the Growth of Online Businesses in Batam City

The study identified several key factors contributing to the rapid development of online businesses based on survey responses and in-depth interviews with online entrepreneurs in Batam City. These include: (1) Strategic Geographic Location, Batam's proximity to Singapore and Malaysia facilitates easier access to imported goods and logistics services. Entrepreneurs often utilize this advantage to offer competitive product prices and faster delivery times. Respondents noted that easy access to imported goods and efficient shipping options contribute to the growth of e-commerce.

Growing Internet Penetration and Smartphone Usage, With over 85% of respondents having daily internet access, digital connectivity is a significant enabler. Most online entrepreneurs use mobile applications such as Tokopedia, Shopee, and WhatsApp Business to manage sales (Nuraeni & Santoso, 2024) were most frequently used. The majority of respondents (68%) were between 20 and 35 years old. This demographic is more adaptive to technology, digital marketing strategies (Sabella et al., 2022), and online selling trends, which accelerates business development. Government programs such as Gerakan Nasional 1000 Startup Digital and local training from Dinas Kominfo contributed to increasing awareness and capabilities in online entrepreneurship.

The findings reinforce existing studies highlighting the role of digital infrastructure, demographic advantage, and institutional support in fostering online business growth. In Batam's

context, its strategic geographical location adds an economic advantage not found in many other regions of Indonesia.

Main Obstacles Encountered by Digital Entrepreneurs

Despite the overall growth, several persistent challenges were reported by digital entrepreneurs: (1) While internet access is generally good, users in certain outskirts of Batam reported frequent disconnections, affecting customer communication and transaction processing. (2) About 57% of respondents expressed difficulty in accessing formal financing or venture capital. Many relied solely on personal savings to maintain their business. (3) Respondents aged above 40 frequently mentioned challenges in adapting to online marketing tools, understanding analytics, or managing e-commerce platforms (Sabella et al., 2022; Santoso et al., 2023).

These challenges are consistent with barriers identified in other developing regions where digital transformation is outpacing infrastructure and regulatory updates. Addressing them requires collaboration between local government, fintech institutions, and educational stakeholders.

Impact of Payment Systems on Buyer and Seller Behavior

The study found that the adoption of digital payment systems has significantly influenced consumer and seller behavior: (1) Platforms like GoPay, OVO, ShopeePay, and QRIS increased consumer confidence due to transaction security and simplicity. 72% of buyers preferred digital payments over cash-on-delivery. (2) Sellers reported smoother bookkeeping, faster transaction handling, and reduced cash-handling risks. Many noted that digital payments helped them track income and expenses more accurately. (3) A minority of respondents (25%) voiced concerns over transaction fees and occasional app downtime, which disrupted order completion and caused customer dissatisfaction.

The behavioral shift toward cashless payments supports broader trends in Indonesia's financial digitization. Digital payments enhance transparency and trust, but platforms must address system stability and fee fairness to ensure inclusive adoption for micro-entrepreneurs.

Role of Social Media in the Sustainability of Small-Scale Online Businesses

Social media platforms have become a cornerstone for marketing, customer engagement, and brand building among Batam's small-scale digital entrepreneurs: (1) Instagram, TikTok, and Facebook were the top platforms used for showcasing products. Visual content (e.g., short videos, reels, and live selling) helped attract and retain customers. (2) WhatsApp Business was widely used for after-sales service and personalized promotions. Entrepreneurs mentioned that customer responsiveness on WhatsApp helped build repeat buyers. (2) Consistent posting schedules, giveaways, and influencer collaborations helped small brands create an identity and compete with larger players.

Social media acts as both a promotional tool and a platform for business operations. For micro-businesses, its low cost and wide reach make it indispensable. However, long-term sustainability depends on content quality, audience engagement, and the ability to adapt to algorithm changes and trends.

CONCLUSION

Based on the results of this study, several important conclusions can be drawn regarding the development of online businesses in Batam City, especially those operating through social media platforms with flexible payment systems:

Online Business as an Economic Solution; Online entrepreneurship has emerged as a viable alternative source of income for many individuals in Batam, particularly among those affected by unemployment or lacking access to formal employment. The relatively low capital requirements and ease of entry make online businesses an attractive option.

Social Media as a Strategic Business Tool; Platforms such as Facebook, Instagram, and WhatsApp are the primary channels used by small entrepreneurs to promote products, communicate with customers, and manage transactions. These platforms enable wide market reach with minimal marketing costs.

Flexible Payment Systems Enhance Accessibility; The availability of installment payment options has significantly increased purchasing power among consumers, especially for high-value

goods. Businesses offering such flexibility are more likely to attract and retain customers with limited financial capacity.

Challenges Remain in the Informal Digital Sector; Despite the growth, online business owners face significant obstacles, including trust issues, limited digital literacy, irregular income, and lack of formal protections. These challenges hinder sustainability and growth potential.

Desire for Growth and Formalization; Many entrepreneurs expressed interest in expanding their operations, formalizing their businesses, and improving their digital skills. However, most lack access to training, mentoring, and financial support to make this transition.

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