

Managing Online Business Through E-Commerce (Empirical study in the store MR. Keramik, Pasuruan)

Original Article

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Abstract

This research examines online business management strategies through e-commerce platforms at MR. Keramik Store in Pasuruan, East Java. The study employs a qualitative case study methodology with data collection through in-depth interviews, direct observation, and documentation analysis conducted in October 2024. Findings reveal that MR. Keramik successfully implements a multi-platform strategy utilizing Shopee as the primary marketplace (contributing 50-55% of online sales), Instagram for visual merchandising and community building (8,456 followers), and Facebook for B2B segment targeting (2,341 followers). The differentiation strategy emphasizes personalized consultation services rather than competing solely on price. Key challenges include limited human resources, digital competency gaps, intense price competition, and logistical complexities for fragile and heavy products. E-commerce adoption has significantly transformed business performance, increasing monthly sales from IDR 50-60 million (pre-e-commerce) to IDR 160-180 million, with online channels contributing 60-65%. Geographic reach expanded from a 30-40 km radius to national coverage, with active customers growing from 300-400 to 2,800-3,000. This study contributes to the literature on SME digital transformation in developing countries, particularly in the under-researched building materials retail sector.

Keywords: E-Commerce Management, Digital Marketing Strategy, SME Digital Transformation, Omnichannel Strategy, Building Materials Retail

1. Introduction

The rapid development of information and communication technology has fundamentally changed the business landscape over the past two decades. This digital transformation has not only impacted large companies but also penetrated the small and Medium Enterprises (MSMEs) sector, which is the backbone of the Indonesian economy. Data from the Coordinating Ministry for Economic Affairs shows that MSMEs contribute 61% to Indonesia's Gross Domestic Product (GDP), equivalent to Rp9. 580 trillion, and absorbs 97% of the national labor force (Coordinating Ministry for the Economy, 2023). Electronic commerce (e-commerce) has been an important catalyst in this transformation, providing broader market access without geographical barriers and lowering barriers to entry for small business actors (Ben Slimane et al., 2022).

In Indonesia, the growth of e-commerce has accelerated significantly, especially since the COVID-19 pandemic forced a change in consumer behavior from offline shopping to online shopping. Indonesia's e-commerce market value reached USD 73 billion in 2023 with



an annual growth of 22% (ECDB, 2023), making Indonesia the largest e-commerce market in Southeast Asia with a contribution of 52% of the total regional e-commerce Value (Momentum Works, 2023). Smartphone penetration, which reaches 89% of the total population, and improvements in digital infrastructure are driving factors for this growth (Statista, 2024).

The academic literature shows that digital transformation is a crucial factor for MSMEs to build resilience and competitiveness in the face of a dynamic business environment (Sagala & Serri, 2024). However, SMEs face significant challenges in the digitization process due to limited financial resources, human resources, and the ability to manage scalable business models (Li et al., 2018; Soluk & Kammerlander, 2021). Research shows that SMEs need to consider their basic conditions, limitations, and specific characteristics in order to develop a harmonized digitization strategy, starting with a phased, improved approach (Sagala & Jerri, 2024).

The building materials industry, especially Keramik, is one of the sectors that has adapted to the development of e-commerce. The sector has traditionally relied on sales through physical stores and showrooms, but the ever-changing dynamics of the market are driving businesses to explore digital channels. Mr. Toko. Keramik, located in Pasuruan, East Java, is one of the SMEs that has successfully undergone digital transformation. Instagram Facebook Instagram Instagram led by Al Madhani, the store started its online business in mid-2020 by utilizing various platforms such as Shopee as the main marketplace, Instagram for marketing and visual interaction, and Facebook to reach the B2B market segment.

This study is important to understand in depth how MSMEs in the building materials retail sector can transform and thrive through the utilization of e-commerce. Empirical studies on the application of e-commerce in this sector are still limited, while Keramik, as a product, has unique characteristics that differ from typical retail products—they are heavy, fragile, and require accurate visualization before purchase, which presents complex challenges in online sales. (Matarazzo et al., 2021). Case study of MR. Keramik can provide a comprehensive overview of online business management practices, effective digital marketing strategies, operational challenges faced, and the impact of digital transformation on business performance.

The research questions discussed in this study are: (1) What online business management strategy is applied by MR. Keramik through an e-commerce platform in terms of digital marketing, operational management, and Customer Relationship Management? (2) What e-commerce Platform is used by MR. Keramik and how each platform is optimized to achieve business goals? (3) What challenges and obstacles are faced in managing an online Keramik business from internal and external aspects?

2. Literature Review

2.1. E-Commerce and Digital Transformation

Electronic commerce (e-commerce) is defined as the process of buying, selling, transferring, or exchanging products, services, and information through computer networks, especially the internet (Laudon & Traver, 2021). This definition includes not only monetary transactions but also all the processes that support those transactions, including marketing, customer service, and logistics (Riu, I. A. et al., 2025). The development of e-commerce can be traced through four different eras, with Indonesia currently in a transition phase between the third and fourth eras, experiencing very rapid growth, especially after the COVID-19 pandemic.

The fundamental characteristics that distinguish e-commerce from traditional commerce include ubiquity (accessible anytime and anywhere), global reach (market reach is not geographically limited), universal standards (using the same technological standards around the world), richness (ability to convey rich information through multimedia), interactivity (two-way communication between merchants and consumers), information density (quantity and quality of information available is very high), and personalization (the ability to tailor products or services to individual customer preferences) (Laudon & Traver, 2021).

2.2. Strategi Platform E-Commerce

A Marketplace is a digital platform that brings together multiple sellers and buyers in a single ecosystem, serving as an intermediary that provides the infrastructure for transactions, payments, and logistics. The marketplace Model has become the dominant form of e-commerce in many countries, especially in Asia. The success of marketplaces is driven by the network effect, where the value of the platform increases exponentially as the number of sellers and buyers increases (Tian & Stewart, 2008; Sahabuddin, R. et al., 2024).

Social Media has evolved from a pure communication platform into a powerful trading channel, a phenomenon referred to as social trading. Instagram, Facebook, and TikTok have integrated commerce functionality that allows for a seamless transition from content consumption to product purchase. Instagram, as a visual-centric platform, is perfect for product categories that rely heavily on aesthetics. Facebook, although Instagram is considered less popular, especially among younger demographics, remains relevant, especially for the B2B segment and older demographics (Liang & Turban, 2011).

2.3. Previous Research

Technology adoption literature provides a theoretical framework for understanding how and why businesses adopt new technologies such as e-commerce. The Technology Acceptance Model (TAM) developed by Davis (1989) states that adoption decisions are primarily determined by the perception of usability and the perception of ease of use. Research on e-commerce adoption among SMEs in Indonesia identifies various supporting and inhibiting factors (Rahayu & Day, 2015; Kurnia et al., 2015).

Success factors for e-commerce adoption by SMEs based on various studies include strong leadership commitment from owners/managers, investment in employee training, starting small with low-risk pilot projects, utilizing existing resources creatively, seeking external support, focusing on customer needs, continuous learning and adaptation, and building collaborative relationships (Teo et al., 2009).

3. Methods

This research uses a qualitative approach with the Case Study Method to explore online business management through e-commerce in Mr store. Keramik. A qualitative approach was chosen because this study aims to understand in depth a complex phenomenon in a particular context. The single case study design was chosen because MR. Keramik is a common case of building materials retail SMEs undergoing digital transformation (Yin, 2018).

The subject of research is Mr. Keramik, which was established in March 2019 and is located on Jl. Minggir Hamlet, RT / RW 02/12, Sawah, Cangkringmalang, Beji District, Pasuruan regency, East Java province. The key informant was Yusuf Al Madhani, a 34-year-old man, the sole owner and manager of MR. Ceramic, with a background in Education D3

Civil Engineering, and 8 years of work experience in the field of construction, before deciding to pursue entrepreneurship.

The primary Data in this study include transcripts of in-depth interviews with Yusuf Al Madhani conducted on October 15, 2024, with a duration of approximately 90 minutes at the MR. Store location. Keramik. Direct observation of store operations, product displays, inventory management systems, and packaging processes was carried out during two visits, namely on October 15 and 22, 2024. Instagram and Facebook collected secondary Data, including data from e-commerce platforms (Shopee, Instagram, Facebook), business documents, financial data, and industry reports.

Data collection techniques use three main methods: in-depth interviews, observation, and documentation. Data analysis uses an interactive analysis model developed by Miles and Huberman (1994), which consists of three concurrent activity streams: data reduction, data presentation, and conclusion drawing/verification. Data validity is determined through credibility, transferability, dependability, and confirmability using strategies such as prolonged engagement, persistent observation, triangulation, member checking, and peer debriefing (Lincoln & Guba, 1985).

4. Results and Discussion

4.1. Online Business Management Strategy

Online business management, MR. Keramik demonstrates the practical implementation of theoretical concepts in e-commerce literature, although it is done intuitively and pragmatically, rather than based on a formal framework. The marketing mix approach adapted to the digital context is clearly visible in the integrated product, price, venue, and promotion strategy.

Positioning and Product Differentiation. MR. Ceramic positioning itself as a provider of quality ceramics with personalized consulting services. This differentiation strategy is crucial, considering that ceramics are highly commodity products with very tight price competition. Yusuf explained that "we cannot compete only on price because there are big sellers who can sell cheaper. So, we focus on service, providing consultations that really help customers choose the right products, not just sell " (interview, October 15, 2024). This position is communicated consistently through all platforms with an emphasis on expertise, reliability, and commitment to customer satisfaction.

Product curation is done strategically by considering several factors: market demand based on historical sales data and search trends, profit margins that balance high-margin and high-volume products, differentiation capabilities that prioritize products with unique designs or special features, and logistics capabilities that consider weight, size, and fragility in the context of long-distance shipping. The product portfolio includes approximately 250 SKUs selected from a much wider catalog of suppliers.

Pricing Strategy. Mr Price. Keramik is competitive, but does not pursue a position as the lowest price provider. An analysis of 50 representative products shows that the price of MR. Keramik is generally in the range of 5-15% higher than the lowest priced players, but still 10-20% lower than premium players. This pricing aims to avoid destructive pricing while remaining attractive to value-conscious customers. Dynamic pricing is applied on a limited basis with participation in promotional programs of the platform, such as flash sales with discounts of 10-15% on certain products and free shipping campaigns in which MR. Keramik bears part or all of the shipping costs for the minimum purchase amount.

Distribution Strategy (Place). MR. Keramik adopts an omnichannel approach with presence across multiple platforms, each of which serves a different purpose in the customer journey. Shopee, as the Premier transaction platform, offers a robust infrastructure for payments, logistics, and buyer protection. Instagram serves as a platform of discovery and interaction where the visual appeal of Keramik can be effectively displayed. Facebook caters to different demographic segments and facilitates business-to-business connections. Inter-channel integration is maintained through consistent branding, cross-promotion, and unified customer service standards, although some are still manual.

Promotion Strategy. This promotion strategy includes a combination of paid and organic tactics based on budget constraints and goals. Paid advertising on Shopee through sponsored product ads and banner ads costs around Rp1.5-2 million per month. Facebook and Instagram ads are sometimes used for specific campaigns with a limited budget of Rp500,000-1 million per campaign.

Organic marketing forms the backbone of promotional strategies due to its cost-effectiveness and sustainability. Content marketing on Instagram includes 4-5 posts per week with different types of content: product showcases (40%), customer testimonials and project photos (25%), educational content (20%), behind-the-scenes content (10%), and promotional announcements (5%). Instagram Stories is used every day for shorter, more casual content.

4.2. Utilization Of E-Commerce Platforms

Shopee is the main Marketplace. Shopee was chosen as the main market based on mature strategic considerations: market dominance where Shopee is the largest e-commerce platform in Indonesia, a user-friendly interface for sellers and buyers, competitive commission structure, integrated logistics solutions, responsive seller support, and a mobile-first approach. As of October 2024, the store featured 247 active product listings with a total of 3,842 reviews and an overall rating of 4.8 out of 5.0.

Shopee store optimization strategies include keyword-rich product titles, detailed descriptions, high-quality photos, accurate categorization, regular participation in Shopee promotional programs (Flash sales, Free Shipping campaigns, Cashback programs), and the use of Shopee advertising with a monthly budget of around Rp1.5-2 million.

Instagram for Visual Marketing. Instagram with the @mr account. Keramikpasuruan has a variety of functions other than direct sales: building a brand through visual identity and consistent storytelling, displaying products in an engaging context, educating customers about tile selection and care, social proof through customer testimonials and photos of completed projects, as well as direct communication channels through DMs. The account currently has 8,456 followers with an average organic growth of 150-200 followers per month.

The content strategy includes posting 4-5 times per week with a mix of content. Post times optimized for peak interaction hours, typically 17:00-19:00 on weekdays and 10:00-12:00 on weekends. Instagram Stories is used daily for short announcements, polls, or questions for interaction, reposting customer stories or reviews, and displaying live product demos.

Facebook for B2B. Facebook with MR. Page. Keramik Pasuruan targets a wide range of demographic segments, especially older audiences (30-55 years old) and B2B customers such as contractors, foremen, or small developers. The page has 2,341 followers with slower growth than Instagram, but the quality of interaction is often higher. The content strategy differs from Instagram with an emphasis on comprehensive product catalogs, large project

documentation, industry news, tips relevant to construction professionals, promotional announcements, especially for discounts on large purchases, and community involvement in related groups.

4.3. Challenges in managing an Online business

Internal Challenges. The most pressing internal challenge is the limitation of human resources. As a mostly owner-operated business with only two employees for offline operations, the capacity to manage online expansion is very limited. Yusuf personally handles almost all aspects of the online business, including content creation, platform management, customer communications, and performance analysis, in addition to other strategic and operational responsibilities. This workload is unsustainable and creates barriers to growth.

The second challenge is the limitation of digital competence. While Yusuf has learned a lot through platform trials and training, he is aware of gaps in advanced digital skills such as data analytics, professional photography and editing, paid ad optimization, automation, and the use of technological devices. Capital and cash flow constraints affect the ability to invest in growth. Time management and prioritization are ongoing challenges. The limited documentation and standardization of processes create dependence on the knowledge and decisions of the owners.

External Challenges. Intense price competition is a major external challenge. The Online Keramik Market is highly competitive, with many sellers competing for the same customers. Complexity and logistical costs for heavy and fragile products such as ceramics are significant constraints. Establishing credibility as a relatively new seller compared to established competitors with longer track records is an ongoing challenge. Platform algorithm changes and policy changes create uncertainty and require continuous adaptation. Macroeconomic conditions and changes in consumer behavior also affect businesses.

4.4. Impact of E-Commerce on Business Development

The adoption of e-commerce has had a transformative impact on MR. Keramik. The Data provided by Yusuf shows significant growth since starting online activities in mid-2020. Before e-commerce, the average monthly sales ranged from Rp50-60 million. As of October 2024, online sales reached around Rp100-120 million per month or around 60-65% of total sales, which now reach Rp160-180 million per month.

The geographic expansion made possible by e-commerce is having a crucial impact. As explained in the business profile, the geographic range extends from a radius of 30-40 km to national coverage with customer concentrations in East Java (75%), Jakarta-Banten (8%), Central Java (7%), Bali (5%), and other regions. The active customer base increased from 300-400 customers to 2,800-3,000 customers with a more demographically and geographically diverse profile.

Operational efficiency is increased through systematization of processes, improved inventory management, improved packaging quality that reduces breakdown rates from 5-6% to below 2%, and increased digital literacy of the organization. Business resilience is enhanced through diversification of revenue streams and geographic diversification, which proved crucial during the COVID-19 pandemic.

5. Conclusion

This study shows that the successful adoption of e-commerce by SMEs in developing countries in the traditional offline sector is possible and can provide significant benefits. Facebook Instagram implemented a comprehensive online business management strategy through a multi-platform approach by utilizing Shopee as the main marketplace, Instagram for visual marketing, and Facebook for the B2B segment. This differentiation strategy emphasizes personalized consulting services instead of simply competing in price, with competitive prices positioned 5-15% above the lowest priced players but 10-20% lower than the premium players.

The challenges faced include internal and external aspects. Internal challenges include human resource limitations, digital competency gaps, capital limitations, time management issues, and process documentation limitations. External challenges include intense price competition, logistical complexity for heavy and fragile products, difficulty establishing credibility as a relatively new seller, changes in platform algorithms, and macroeconomic conditions.

The impact of e-commerce on Business Development is significant and transformative. Total monthly sales grew from Rp50-60 million before e-commerce to Rp160-180 million as of October 2024, with online contributions reaching 60-65%. The geographical range extends dramatically from a radius of 30-40 km to national coverage. The active subscriber base grew from 300-400 to 2,800-3,000 subscribers with a more diverse profile. Operational efficiency increases, and business resilience increases through diversification.

For practitioners, the study offers actionable insights: starting small with a phased approach, identifying and leveraging unique value propositions, investing in quality fundamentals, implementing learning orientation and persistence, leveraging available resources and support systems, monitoring performance and making data-driven decisions, and planning for sustainability right from the start. For policymakers and ecosystem advocates, the study highlights areas where support can be invaluable, including simplifying technological barriers, providing accessible, practical training, facilitating affordable logistics solutions, overcoming financing barriers, and fostering peer networks.

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