

Affiliate Marketing SMES to Young Entrepreneurs in Yogyakarta City (Home Business Camp)

Nina Fapari Arif¹, Shely Rizki Hardiana², Asri Sekar Mawar Firdausi³, Budi Purnomo Saputro⁴, Hafidh Rifky Adiyatna⁵

¹²³⁴⁵Universitas Pembangunan Nasional "Veteran" Yogyakarta

e-mail: nina.fapari@upnyk.ac.id, shely.rizki@upnyk.ac.id, asrisekarmf@upnyk.ac.id, budi.purnomosaputro@upnyk.ac.id, hafidh.rifkyadiyatna@upnyk.ac.id

*Nina Fapari Arif

ABSTRACT

The Community Service Program (PKM) conducted information research on the challenges faced by members of HBC in managing and developing their businesses. Challenges in business management and HBC management include marketing systems and efforts to expand markets. The objective of this training is to provide affiliate marketing training to HBC members with training materials relevant to their needs and to help them overcome challenges in business management. The method used is initial interviews to determine the required training themes, followed by training sessions and discussions on the conducted training. The training results indicate that Affiliate Marketing can expand market reach, enable the determination of online marketing strategies, allow SME players to work flexibly from anywhere and anytime as long as they have internet access, and enable them to schedule work according to their needs.

Keywords: *Affiliate Marketing, Young Entrepreneurs, SMEs.*

History Article: 23 April 24

Incoming articles: 24 April 24

Revised article: 27 April 24

Articles accepted: 29 April 24

I. Introduction

Situation Analysis

The framework of conventional marketing metrics has existed previously. (Budler, Župič, and Trkman 2021). The commonly used marketing analysis models indicate high costs; as a result, SMEs face challenges in reducing marketing expenses (Chatterjee and Kumar Kar 2020). However, SMEs face significant barriers from conventional marketing metrics at

various stages and with various stakeholders. With the trend of marketing through social media, the business market has experienced changes in consumer purchasing behavior. This poses marketing challenges for SMEs that vary greatly depending on the industry, business size, and target market. Some common challenges faced by SMEs in marketing include limited resources, understanding the target market, intense competition, technology usage, brand awareness creation, selection of appropriate marketing channels, and compliance with regulations.

One marketing strategy that SMEs can implement is Affiliate Marketing, which is an online-based partnership marketing program. (CHEQ 2021). Affiliate marketing is a business model (Arif 2019; Fapari Arif et al. 2023) Where a marketer or affiliate promotes products or services from a merchant or manufacturer. Affiliates earn commissions for each sale or action made by consumers directed by the affiliate through affiliate links or unique codes provided by the merchant. This means affiliates earn income based on their performance in promoting products or services, without needing to create or own their own products. This model is commonly used in online marketing and can involve various promotion methods including blog content, social media, email, or advertising. The program was first introduced and implemented by advertisers, who saw the opportunity for online marketing to be more securely implemented.

The emergence of affiliate marketing (AM) is caused by several advantages compared to traditional and other online marketing methods. One of them is the high efficiency of affiliates in reaching specific target audiences. (Donald L Amoroso 2003), Due to their deep understanding of visitor profiles and their interests, affiliates are able to successfully promote products that are relevant to achieving maximum revenue from referred customers. From a cost perspective, affiliate marketing is associated with minimal administrative costs related to ad purchases (Gallaugh, Auger, and BarNir 2001). Additionally, these costs are flexible and dependent on performance (Novak, Hoffman, and Yung 2000a), Therefore, reducing waste significantly. Merchants can also evaluate the contribution of each affiliate to the number of sales that occur through tracking systems without requiring extra costs. This not only enables profit calculations from investment in specific marketing costs but also provides valuable information about consumer trends and almost real-time purchasing habits. (David Brear 2008); (Fox and Wareham 2010).

SMEs may face several challenges when implementing affiliate marketing strategies. This is due to limited marketing budgets, lack of a large marketing team, and resource constraints to efficiently oversee affiliate programs. Additionally, time and effort are

required to find affiliates that align with the SME's product or service audience. Competition with larger companies can also be a barrier, as well as the lack of appropriate performance measurement tools. SMEs must ensure that their affiliates promote their brand accurately to avoid damaging reputation, while still adhering to policies and regulations applicable to affiliate marketing.

Solutions and Targets

To overcome these challenges, SMEs can design affiliate strategies that align with their resources and goals. This may involve collaborating with relevant affiliates, utilizing affordable affiliate platforms, and regularly monitoring program performance to make necessary adjustments. Additionally, SMEs may consider collaborating with organizations or consultants experienced in affiliate marketing to obtain the guidance and support needed.

The expected target in this Community Service activity is to provide education to SMEs to enable them to determine the affiliate marketing to be used and optimize their available resources.

Implementation Method

The PKM team conducted information research on the challenges faced by members of HBC in managing and developing their businesses. The PKM team used interview methods to gather data related to HBC; this technique is one of the primary approaches in research (Cooper 2014). An interview with the chairman of HBC was conducted during the PKM team's visit to Almbana Galeri, an HBC tenant in Galeria Mall, Yogyakarta. The results of the interview were then analyzed by the PKM team. The information obtained from the interview with the HBC chairman served as the basis for the PKM team in developing training materials. The goal is to ensure that the training materials prepared are relevant to the needs of HBC members and can help them overcome challenges in business management.

The training was held at the UMKM Center BSI DIY for one day and consisted of four sessions. The first session discussed business management, the second session focused on digital marketing (Affiliate Marketing), the third session addressed store environment management to increase sales, and the final session discussed customer service. Each session of material presentation was followed by young entrepreneurs from HBC (Shely, dkk 2023). There was a discussion and Q&A session between the speakers and the training participants. All materials were presented by the PKM team.

Success indicators include evaluating and practicing the selection, determination, and implementation of platforms suitable for SME activities to conduct affiliate marketing. The evaluation method used is direct practice using the platform.

II. Results and Discussion

22 HBC members participated in this training. The participants have various types of businesses, including in the food and beverage sector (such as cakes, katsu, iced dawet, satay, dim sum, angkringan, and snacks), fashion (clothing, batik, jerseys), handicrafts, souvenirs, theater, homestays, and makeup artists. Information about the training participants can be found in Table 1.

Table 1. Participant Data

Type of Business	Number of Participants
Food and Beverages	9
Fashion	7
Handicrafts	3
Tourism	1
Services (Theater and Makeup Artist)	2
Total	22

Source: Participant Attendance

The presentation of material on digital marketing (Affiliate Marketing). This material was provided based on an interview with the chairman of HBC, revealing information that there are obstacles in the marketing system of SMEs and the actors are trying to expand their market reach. Image 1 is a photo during the interview process between the PKM team and the chairman of HBC. Image 2 is a photo of the training event, and Image 3 shows the presented material.



Image 1.

The PKM team's interview with the chairman of HBC at one of the HBC tenants, Alambana Gallery.



Image 2. Training Event

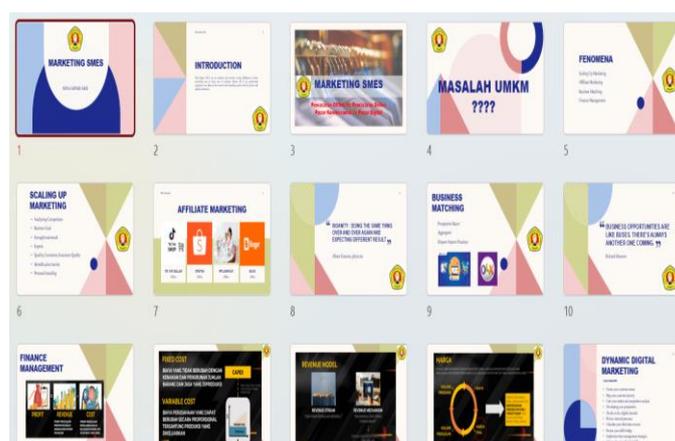


Image 3. Training Material

Affiliate marketing is a marketing strategy in which individuals or entities promote products or services owned by others, and as a result, they are rewarded for each sale or action that occurs due to their marketing efforts. Affiliate marketing has become one of the most popular and successful online marketing techniques because it utilizes online influence and networks to expand coverage and increase sales of products or services.

Affiliate Marketing, according to (Novak, Hoffman, and Yung 2000), Affiliate Marketing refers to the online practice of promoting other people's goods and services to earn commissions from sales made online. In this setup, affiliates, or advertisers, enter agreements with companies, known as merchants or publishers, to market their products on affiliate sites in exchange for commissions. Thus, the main goal of AM is to increase sales of products or services through traditional distribution channels by directing web traffic to affiliate sites and obtaining transactions from online users in return for commissions, as explained. (Gregori, Daniele, and Altinay 2014; Malaga 2007).

Affiliate marketing is increasingly favored by Small and Medium Enterprises (SMEs) in Indonesia as an effective marketing strategy. Many SMEs in Indonesia have begun to

adopt affiliate marketing to expand their market reach and increase sales volume. Some common methods used by SMEs in Indonesia in affiliate marketing are partnerships with bloggers or influencers, e-marketplaces, internal affiliates, and partnerships with online communities.

Partnerships with Bloggers or Influencers allow SMEs to collaborate with local bloggers or influencers who have a wide following base on social media platforms. They provide royalties to bloggers or influencers for every transaction that occurs through the affiliate links they promote.

Partnerships with e-marketplaces allow SMEs to partner with leading e-commerce platforms such as Tokopedia, Shopee, or Bukalapak. They utilize the affiliate options available on these platforms to promote their products and receive rewards for every transaction that occurs through affiliate links.

Internal Affiliate Programs allow SMEs to implement internal affiliate programs where they can invite customers or business partners to join as affiliates. In this program, they can earn commissions for every successful sales transaction they make.

Partnerships with Online Communities allow SMEs to collaborate with online communities that have interests aligned with the products or services they provide. In this collaboration, they can reward community members for every sales transaction that occurs through the affiliate links they share.

By using affiliate marketing, SMEs in Indonesia can leverage the power of online influence and networks to expand their marketing reach and increase sales without having to incur large advertising costs.

III. Conclusion

Based on the training results, SMEs outline the benefits of affiliate marketing that can help them in:

1. Expanding market reach, allowing them to choose from a variety of products or services to promote. Providing flexibility to adapt to the interests and needs of the SMEs' target market.
2. Determining online marketing strategies.
3. Affiliate marketing enables SMEs to work flexibly from anywhere and anytime as long as they have internet access and can adjust their work schedule according to their needs.

IV. Reference

- Arif, NinaFapari. 2019. "MARKETING CAPABILITY, BUSINESS MODEL INNOVATION QUALITY AND SMES GROWTH PERFORMANCE." *International Journal of Advanced Research* 7(5):1096–1105. doi: 10.21474/IJAR01/9138.
- Budler, Marko, Ivan Župič, and Peter Trkman. 2021. "The Development of Business Model Research: A Bibliometric Review." *Journal of Business Research* 135:480–95. doi: 10.1016/j.jbusres.2021.06.045.
- Chatterjee, Sheshadri, and Arpan Kumar Kar. 2020. "Why Do Small and Medium Enterprises Use Social Media Marketing and What Is the Impact: Empirical Insights from India." *International Journal of Information Management* 53:102103. doi: 10.1016/j.ijinfomgt.2020.102103.
- CHEQ. 2021. "The Economic Cost of Bad Actors on the Internet. Available At." *T Htps://Cheq.Ai/Wp-Content/Uploads/2021/12/Economic-Cost-of-Affiliate-Fraud-2020-Report-12.Pdf*.
- Cooper, DR dan Schindler, PS. 2014. *Metode Penelitian Bisnis*. 12th ed. New York: McGraw Hill Edisi Internasional.
- David Brear. 2008. "Assessing the Value of Online Affiliate Marketing in the UK Financial Services Industry." *David Brear*.
- Donald L Amoroso. 2003. "Web Assimilation and Corporate Culture: Assessing the Chatterjee, Grewal, and Sambamurthy Model." *9th Americas Conference on Information Systems, AMCIS 2003, Tampa, FL, USA, August 4-6, 2003*.
- Fapari Arif, Nina, Fathi Habibatur Rahman, Siti Khusnul Rifani, Ansri Jayanti, Upn Veteran Yogyakarta, and Stie Makassar Maju. 2023. "Scale of Consumer Motivation on Business Performance in SMEs in Yogyakarta." *Southeast Asian Journal of Management and Research* 1(2). doi: 10.61402.
- Fox, Paul B., and Jonathan D. Wareham. 2010. "Governance Mechanisms in Internet-Based Affiliate Marketing Programs in Spain." *International Journal of E-Business Research* 6(1):1–18. doi: 10.4018/jebr.2010100901.
- Gallaughar, John M., Pat Auger, and Anat BarNir. 2001. "Revenue Streams and Digital Content Providers: An Empirical Investigation." *Information & Management* 38(7):473–85. doi: 10.1016/S0378-7206(00)00083-5.
- Gregori, Nicolas, Roberto Daniele, and Levent Altinay. 2014. "Affiliate Marketing in Tourism." *Journal of Travel Research* 53(2):196–210. doi: 10.1177/0047287513491333.
- Malaga, Ross A. 2007. "The New Marketing Intermediaries—a Multiple Case Study of Three New e-Business Models." *Journal of Academy of Business and Economics* 7(3):158.
- Novak, Thomas P., Donna L. Hoffman, and Yiu-Fai Yung. 2000a. "Measuring the Customer Experience in Online Environments: A Structural Modeling Approach." *Marketing Science* 19(1):22–42. doi: 10.1287/mksc.19.1.22.15184.
- Novak, Thomas P., Donna L. Hoffman, and Yiu-Fai Yung. 2000b. "Measuring the Customer Experience in Online Environments: A Structural Modeling Approach." *Marketing Science* 19(1):22–42. doi: 10.1287/mksc.19.1.22.15184.
- Shely Rizki Hardiana 1*, Asri Sekar Mawar Firdausi 2, Budi Purnomo Saputro 3, Hafidh Rifky Adiyatna4, Nina Fapari Arif 5. 2023. "Pelatihan Pengelolaan Lingkungan Toko Pada Wirausahawan Muda Anggota Home Business Camp (HBC) Kota Yogyakarta." *Jurnal Lentera Pengabdian*.