



Business Model Formulation of Social-Commerce Based Influencer on Instagram Platform

M. Ardhya Bisma*, Aditia Sovia Pramudita

Department of Business Logistics, Politeknik Pos Indonesia, Indonesia

*corresponding author e-mail: bisma@poltekpos.ac.id

Article Info

Keywords:

Social commerce Influencer;
Business model;
Value chain analysis

JEL Classification:

L86, M13, M21

DOI:

10.33830/jom.v17i2.1924.2021

Article History

Received: August 10, 2021

Accepted: October 20, 2021

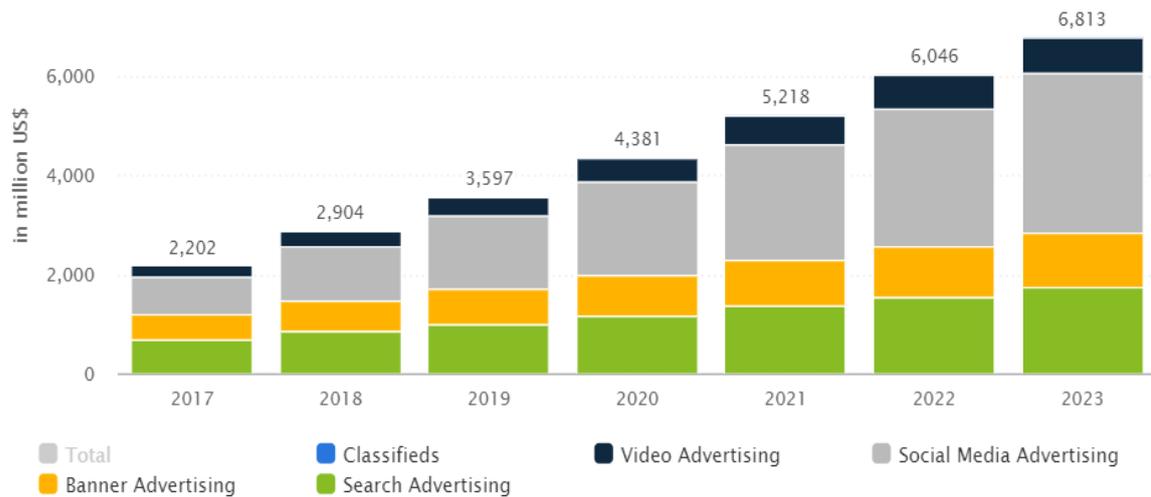
Published: November 15, 2021

Abstract

Influencer is a business that focuses on generating opinions on a product or service. Influencers have become a trend in Indonesia, especially on the Instagram platform. Given that influencers are a new business model, there is still no standard business model in this industry. This study aims to map the social-commerce based influencer business model on the Instagram platform in Indonesia. This research is qualitative. Data were collected by interviewing companies that have a focus on influencer and social-commerce business. Business model mapping is done using value chain analysis and business model canvas. **Findings.** Influencer's business model is focusing on media placement and digital advertisement while social-commerce's business model is focusing on product selling as their main revenue stream. Social-commerce based influencer business model is the combination of both of those business models which is focusing on product selling, media placement, and digital advertisement. Social-commerce based influencers business model should divide their value propositions, channels, customer relationships, and consumer segments into two types, namely audiences and advertisers. This division of consumer types is very important in the social-commerce based influencer business considering influencers get revenue through advertisers and the power to influence the audience to buy the endorsed product.

1. Introduction

Current technological developments require activities to be carried out digitally and connected, including advertising (Bisma & Pramudita, 2019). As a sub-sector with a fairly high distribution power, advertising has great potential in shaping consumption patterns, lifestyles, and people's thinking patterns. The value of digital advertising spending is predicted to reach US\$ 3,597 million in 2019 with a growth value of 26% per year (PubMatic, 2019; Statista, 2019). As seen in Figure 1, this value is dominated by advertising spending on social media platforms.

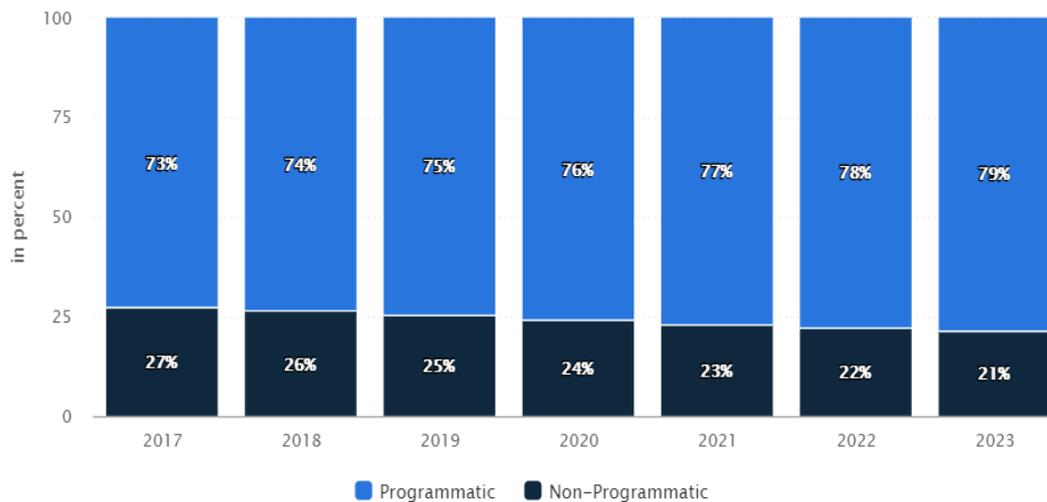


Source: Statista, 2019

Figure 1. The value of digital advertising spending in Indonesia

This is understandable, considering the use of social media ranks first in terms of internet usage intentions in Indonesia where the majority of users access Facebook and Instagram (Association of Indonesian Internet Service Providers, 2018). The high number of users and the increasing value of advertising spending are also opportunities for business people (Constantinides, 2014; Pramudita, 2020). One of the growing businesses and professions related to this trend is influencers (Hermanda, Sumarwan, & Tinaprilla, 2019). Influencers are content producers who have a large number of followers/audiences on a social media platform (Veirman, Cauberghe, & Hudders, 2017). They are liked and valued as trusted figures so that they can inspire and influence their audience, including to try or buy a product. Often, promotional activities carried out by these influencers are considered more credible and more impactful than promotions carried out in the form of conventional advertising (Abidin, 2016). Conditions in Indonesia itself, the most widely used platform by influencers in carrying out their activities is Instagram social media, followed by blogs, Twitter, Youtube, and Facebook with the expectation that influencer income values will increase to double in 2018 (Wati & Fitrie, 2018).

Apart from the positive trend, advertisers who use influencer services also face various problems, mainly the measurement of the effectiveness and return on investment (ROI) of the promotions that have been carried out (GetCraft, 2019; Gilfoil & Jobs, 2017; Hoffman, 2015). In contrast to digital promotions with programmatic advertisements such as Google AdWords or Instagram Ads, the effectiveness of promotions carried out using the services of influencers is more difficult to measure. Programmatic digital advertising pricing, such as Instagram Ads, applies a performance-based pricing system (Szymanski & Lipinski, 2018). This means that the advertiser only pays for a set size. As an illustration, in programmatic advertising the advertiser only pays Rp. 100,- for every ad serving you get, or for example Rp. 300,- for every click on the advertised link. Meanwhile, promotions using influencer services often set a fixed price regardless of the promotion's performance (Lisichkova & Othman, 2020). This may also cause the trend of using programmatic advertising to consistently experience growth when compared to the non-programmatic trend which continues to decline.



Source: Statista, 2019

Figure 2. Programmatic and non-programmatic digital advertising spending trends

At the same time in the Instagram environment in Indonesia, social commerce is also an interesting phenomenon. The market share of e-commerce is only 20% of the total online shopping market. Apparently, social commerce is a more traditional method where the transaction process is carried out on social media platforms such as Facebook, Instagram, LINE, and WhatsApp, dominates 80% of the market share with an estimated number of transactions of 2.7 million transactions every day (Gaw, 2016).

In the last few years have been period in which organizations have become strongly interested in the use of digital influencers in their marketing activities, and have allocated more and more of their promotional budgets to this form of activity, which results from the aforementioned decreasing effectiveness of the other forms of digital promotion used so far. As the influencer notion is concerned, according to Kartajaya, Kotler, and Setiawan, influencers are “persons respected in their communities, who have a large group of committed supporters and audience” (Kartajaya, et al., 2017). It is also emphasized that they very often create their own specific content (user-generated content) to build their reputation and that they are considered experts in their communities (Babin & Hulan. 2019).

The business model; is a reference model, concentrating on the architectural aspects of the core business of an enterprise, service organization, or government agency (Kaltum, Zusnita, & Bernik, 2018). The business model is a concept that has grown and has been tried to define from time to time. Osterwalder, Pigneur, and Tucci in 2005 affirm that the concept of a business model appeared for the first time in an academic article in 1957 and then in the title and abstract papers in 1960 but only became popular in the 1990s. The attention focused on the concept that met between 1995 and 2010 (Zott, Amit, & Massa, 2011). Osterwalder et al. (Osterwalder, Pigneur, & Tucci, 2005) defend the view that where, through a review of a significant number of publications studying the evolution of the term business model, which enables it to conclude that the terms used are often linked to the internet but not exclusively refer to it. For the purpose of clarifying the process of evolution of the business model, by displaying definitions and classifications more sequential and integrated different authors expressed about the concept of the business model. With the proposed evolutionary phase, stated that the research business model has matured over the years. Although researchers have not leaned on each other's work and findings extensively, certain progress can be observed (Hendrix, Hidayat, & Hidayat, 2018).

The influencer and social-commerce industry, especially on Instagram, is a very dynamic industry. This results in the absence of guidance regarding standard business models. One of the objectives of this research is to map the existing influencer and social-commerce business models of companies that have been running in Indonesia. In addition, this research also seeks to explore the possibility of combining the influencers and social-commerce business model on Instagram.

2. Research Method

In a conceptual review, this research focuses on the formulation of a social commerce-based business model for influencers. The social commerce business model involves trading activities, while the influencer business model involves advertising activities. The two things are fundamentally very different. For this reason, understanding the real practice of social commerce and influencers is something that needs to be studied further. The analysis regarding existing social commerce and influencer practices will be reviewed using a value chain analysis approach and mapping existing business models, then will be further reviewed for possible synergies from the results of the analysis. After the synergy mapping is obtained, the next thing is to formulate a relevant business model based on social commerce for influencers.

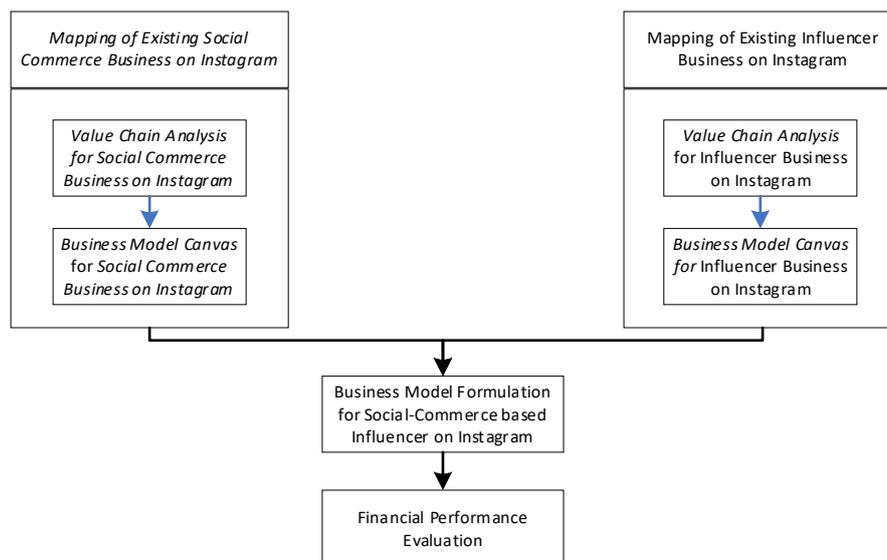


Figure 3. Conceptual Framework

This research problem is considered a dynamic problem so that the qualitative research methodology was chosen as the appropriate method. Interviews and consolidation studies were conducted to understand the existing business model. There are two main concepts used in this study, namely the value chain analysis and the business model canvas (Osterwalder & Pigneur, 2010; Pearce & Robinson, 2008). The interview itself was conducted with PT Infia Media Pratama with the core business of influencers in the lifestyle segment.

Regarding tools, this research uses the business model canvas as the main tool. However, the determination of the dimensions in the business model canvas, especially the value proposition section, will be carried out based on the results of the value chain analysis mapping with the consideration that value chain analysis and business model canvas have similarities, especially in the analysis process for the formation of the value proposition (Pramudita, Hilman, & Annisawati,

2019). In addition, the use of value chain analysis to support the business model canvas is carried out to reduce the potential for bias due to self-efficacy (Keane, Cormican, & Sheahan, 2018).

There are several data needed to achieve the objectives of this study. Primary data consists of all value chain analysis and Business Model Canvas variables. Primary data collection is done by in-depth interviews with employees who have decision-making abilities. The interview was conducted with both of the Chief Operation Officer (COO) from PT Infia Media Pratama (IMP) and PT Infia Niaga Digital (IND) who has the responsibility to ensure that all companies operations. Informants are selected based on their capacity in decision-making. Interviews were conducted in a semi-structured form. The main information related to the interview can be seen in the table below.

Table 1. Key Informant

Key Information	Key Informants
Value Chain Analysis	
Inbound Logistics	PT IMP & PT IND
Operational	PT IMP & PT IND
Outbound Logistics	PT IMP & PT IND
Marketing & Sales	PT IMP & PT IND
Service	PT IMP & PT IND
Business Model Canvas	
Value Proposition	PT IMP & PT IND
Customer Segment	PT IMP & PT IND
Channels	PT IMP & PT IND
Customer Relationship	PT IMP & PT IND
Key Activities	PT IMP & PT IND
Key Resources	PT IMP & PT IND
Key Partnerships	PT IMP & PT IND
Cost Structures	PT IMP & PT IND
Revenue Streams	PT IMP & PT IND

The data organizes based on the key information above which is gathered from the interview. Since the interviewee is only one person, there are no contradicting results. The interpretation of the interview's result is done by referring to the results of the interview transcript and re-validation to the interviewee.

Moreover, a financial report is also needed to evaluate the performance of the combined business model. The financial reports which are used are financial reports from 2017-2019. Financial performance evaluation is carried out to see how the performance might result from the implementation of this business model. This evaluation is based on the business segment conducted by PT Infia Mega Semesata (PT IMS) which the company has a trading and advertising business segment.

3. Results and Discussions

3.1 Value Chain Analysis for Social Commerce

Burnout is a complex condition including enthusiastic weariness, depersonalization, and individual achievement. Intense weariness means sensations of being sincerely depleted and drained; depersonalization (alluded to as criticism) indicates sensations of separation from work; individual activity alludes to one's feeling of ability and accomplishment at work (Schaufeli &

Greenglass, 2001). Burnout (depersonalization and emotional depletion) is equal (Demerouti et al., 2005). Mental exhaustion is caused by long-term involvement in an emotionally demanding situation. This condition is described as follows: (1) psychological burnout is characterized by low energy, chronic burnout, and weakness, (2) emotional exhaustion, the second component of burnout, especially involving feelings of helplessness and hopelessness, (3) mental burnout, which is characterized by negative attitudes towards self, work, and life.

Inbound logistics at PT Infia Niaga Digital is how to move goods/services as raw materials to be processed at PT Infia Niaga Digital. Raw materials at PT Infia Niaga Digital are finished products obtained from suppliers. The process of getting the raw material is done by contacting the supplier. The main concern at the inbound logistics stage is the problem of delivery lead times from suppliers. The majority of PT Infia Niaga Digital's products are imported products. This results in a long lead time for the delivery of goods. On the other hand, companies are also unable to increase their stock levels because the costs are too large. An activity that also plays an important role in the company's success is product selection. So far, the process of selecting a product to sell depends entirely on the intuition of the decision-maker.

The operating process at PT Infia Niaga Digital itself is similar to an ordinary Trading Company. The difference is only in the marketing effort that is done through social media. After the product arrives at PT Infia Niaga Digital, the product then is stored in their warehouse. The storage process in the warehouse itself is by the system they built so that the potential for damaged, lost, or expired products can be minimized. The warehouse system used at PT Infia Niaga Digital is FIFO (first in first out) or FEFO (first expired first out). The main concern in the operating system at PT Infia Niaga Digital is the difficulty of managing the stock of goods due to the sales process carried out through several distribution channels and the nature of the product targeting a niche market with uncertain trends.

The outbound logistics process is the process of releasing goods from the company. The delivery process is carried out in collaboration with the expedition so that the delivery process is already scheduled. PT Infia Niaga Digital has a collaboration with one of the expedition companies where the expedition will come to the company according to the agreement.

The sales process is carried out through various online platforms, including marketplaces and social media, especially Instagram. The company carries out promotions by placing ads on Instagram and using empty ad slots from its sister company which is PT Infia Media Pratama. In addition, the company is also targeting a system with dropship and reseller sales. The success of PT Infia Niaga Digital's sales is determined by the success of its digital promotions. This is because the company does not have any offline distribution channel.

Based on their business processes, several issues must be considered in maintaining the quality and rotation of their products. The level of visibility of the products being sold will determine the success of the company's sales. PT Infia Niaga Digital has a focus on selling niche products that are predicted to become a trend. This is a risk for the company because the company is required to continue to select and update its product portfolio for a certain period. In addition, like online trading in general, customer service activities such as the time and level of response speed are also important. If the product is damaged or the product sold does not meet the buyer's expectations, the company provides a money-back guarantee. Relationships with suppliers are also the key to success in the company's business. Considering the products being sold are niche, PT Infia Niaga Digital strives to be the sole distributor or priority for online channels.

3.2 Business Model Canvas for Social-Commerce

The Business Model Canvas is used to map the current business model of PT Infia Niaga Digital. PT Infia Niaga Digital's core business is in social-commerce on Instagram. They are known for being able to present trendy products to young people. The Business Model Canvas was created to map the business model in a concise and easy-to-read manner. Based on the results of these interviews, they are grouped based on points measured from the Business Model Canvas concept which can be seen below.

Key Partnerships Product Supplier Media social platform (especially PT IMP's social media channel)	Key Activities Product selection Supplier relationship Product storing Customer service and sales Visibility product Promotion	Value Propositions A niche and uptrend product	Customer Relationships Personal assistance via instant messaging	Customer Segments 15 – 34 years old Living in Cities or satellite city
	Key Resources Tacit knowledge in selecting the product Warehouse capacity Standardize customer service Content creator		Distribution Channels Social media (especially Instagram) E-commerce platform (Tokopedia, Bukalapak, Shopee, Lazada, Blibli)	
Cost Structures Warehouse's cost Human Resource Inventory		Revenue Streams Product selling		

Figure 4. Social-Commerce Business Model Canvas

Value Chain Analysis is a tool to analyze the company's internal activities. This analysis serves to reveal where the advantages and disadvantages of a company (Ankli, 2014). PT IMP was chosen as the object of research because PT IMP is classified as an influencer in the lifestyle entertainment segment. PT IMP has one of the most famous channels, @dagelan. In general, the primary activity of PT IMP can be described in the figure below.

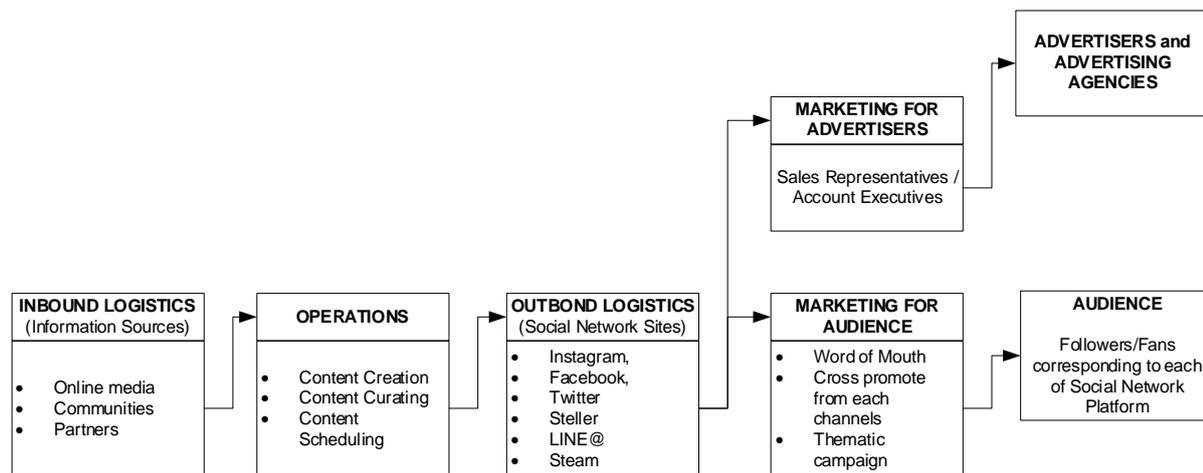


Figure 5. Value Chain PT IMP

PT IMP's inbound logistics is how to move goods/services as raw material to be processed at PT IMP. Raw material at PT IMP is entertainment content obtained from content creators as well as from external contributors. The process of obtaining raw materials is carried out through content creators and contributors submitting content to be appointed to PT IMP. Currently, the operational process at PT IMP focuses on the production of entertainment content. Content creators and contributors create content that is projected to sell in the market. The content then goes to the editorial section to check whether the content is eligible to appear or not. In addition, there is also a content curating process or editing content from external parties. This is done to avoid plagiarism of content.

The outbound logistics process is a content distribution process. PT IMP currently uses major social media platforms to deliver its content, especially Instagram. Other social platforms used include Facebook, Twitter, Steller, LINE@, and Steam. However, the main source of content still comes from Instagram.

The marketing & sales process carried out by PT IMP is by cooperating with fellow influencers. In addition, PT IMP also entered events such as sneakers events and game events. This is done to increase the visibility of @dagelan's content. In addition, the most powerful promotion carried out by PT IMP is the distribution of content between channels owned by PT IMP. This is done to increase the exposure of the content raised.

PT IMP does is distribute the content from one account to another. That way, PT IMP can provide non-monotonous content to its followers and promote certain accounts. Illustrations also occur to influencers and other Instagram communities because of the reposting process (curating content) carried out by @Dagelan. All these processes lead to a large number of followers which attracts many advertisers to use PT IMP's services. As for advertisers, the sales and marketing process involves the role of company representatives or executives where information and general KPIs are supplied through the company's media kit.

Service refers to activities to maintain the value that has been provided to customers. For the audience, that value is delivered through content within the Instagram environment. To maintain it, PT IMP organizes and participates in various events and offline meetings with audiences, communities, and other Instagram influencers.

Often such activities are held with sponsors, so there are no additional costs. PT IMP can get additional income from organizing the event while keeping the audience involved. For advertisers, services come in various forms, such as discounts or additional ad placement across PT IMP's Instagram channels for a certain price.

3.3 Business Model Canvas Influencer

PT IMP is a small individual company and focuses on online media. Until now, PT IMP is one of the successful online media companies on the Instagram platform. PT IMP is a media company engaged in presenting humorous content through the Instagram platform. PT IMP has been established in June 2014 with an audience of 200,000 at that time. In 2016, PT IMP was able to gain an audience of 16 million. PT IMP if categorized into the influencer segment is the lifestyle influencer segment with the type of lifestyle entertainment.

PT Infia Media Pratma has its main income from selling advertisements with various types of options. Based on the results of interviews, the number of audiences is the key in selling advertising. PT Infia Media is aware that they have two types of customers, namely audiences and advertisers. The audience is a follower of PT IMP. Their role is very vital in the survival of the company. The higher the number of audiences that can be reached, the better the advertiser's trust in PT IMP. Audiences are built by providing humorous content that matches their expectations. In addition, PT IMP also provides an opportunity for the audience to create their content which then the selected content will go into the editing process and be displayed on the PT IMP channel. It becomes a matter of pride for the audience when the content they create is selected as the content raised. Through this, it has been proven that the strategy adopted can grow the number of audiences.

Through a large audience, PT IMP has the power to sell ad slots to advertisers as their revenue stream. There are three types of revenue streams that are put forward by PT IMP, namely digital advertising, media placement, and sales commission fees. Apart from advertising, PT IMP also becomes a reseller for several clients who entrust their products to PT IMP. In addition, with PT IMP's role as a media company, they do advertising on their own company. It is also what can increase their revenue in the media.

Based on the results of interviews, it can be concluded that PT IMP's business model is as follows.

Key Partnerships Influencers Advertising agencies Communities and partner Platform Instagram Social network sites (Instagram, Facebook, Twitter, LINE, Snapchat, Steller, Youtube)	Key Activities Influencer Content Making Content discoverability Developing community and partner Social Commerce Niche product selection related to audience/followers' insight Customer Service	Value Propositions For advertiser: High audience number and/or relevance Pay per performance cost-based Good value for a price through bundling advertisements and orientation on advertising metrics For audience: Relevance content Relevance product information	Customer Relationships For advertiser: Dedicated Personal Assistance For audience: Self-service and co-creation	Customer Segments Advertiser: Corporates Online Shop/UMKM Audience: Indonesian gen Y and Z (15 – 34 years)
	Social Commerce Product supplier Community and other influencers		Key Resources Human Resource Audience/followers insight Audience/followers base	
Cost Structures Human Resource's Cost IT Infrastructure Marketing and Promotion Inventory		Revenue Streams Digital Advertisement Media Placement Product selling		

Figure 6. Influencer Business Model Canvas

In the influencer business model, it is very crucial to divide consumers into two parts, namely advertisers and audiences. This needs to be done because the treatment of the two segments is very different. Successful influencers must have a large audience. This needs to be properly maintained by influencers. However, for the influencer business to remain sustainable, influencers need revenue that can be obtained through advertisers. Therefore, influencers also need to maintain good relations with advertisers because they are also part of the influencer consumers.

3.4 Social Commerce-Based Influencer Business Model Formulation

This stage is the stage of forming a new business model which refers to the existing business model of influencers and social commerce. The two business models can be collaborated to obtain a new business model for influencers in general.

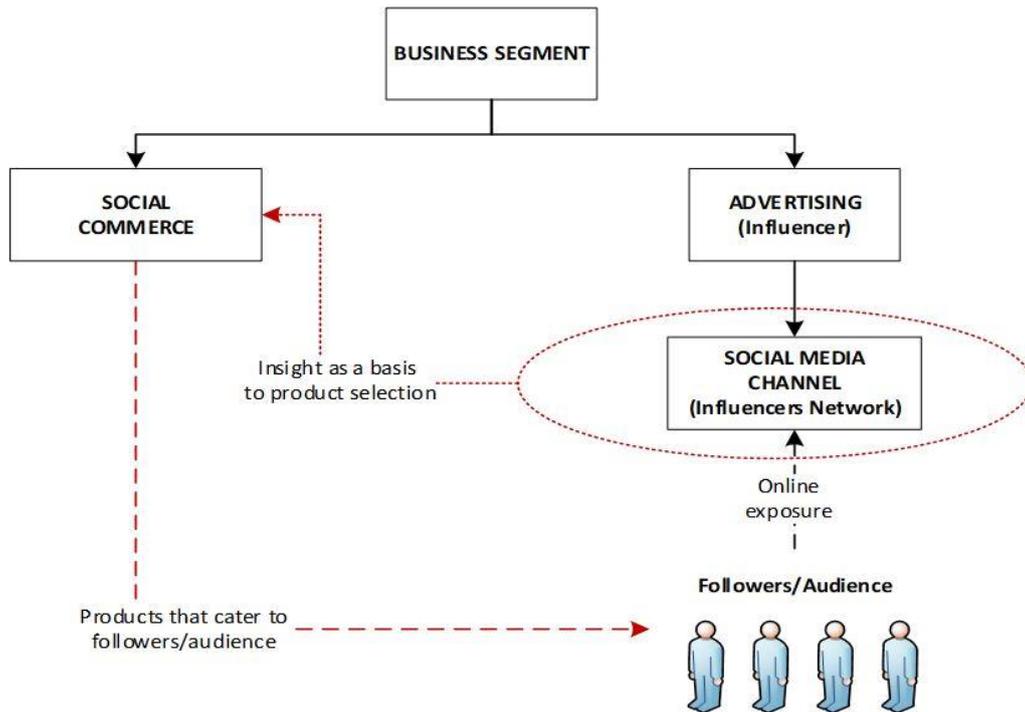


Figure 7. Correlation between each Business Segment

The formation of this value proposition is based on the added value that may be obtained when influencers diversify into social commerce. For the audience, the relevance of the content remains the main thing. This understanding of the audience/followers will be the basis for influencers to choose products that are relevant to their interests. Thus the promotion to introduce the product to be sold does not become intrusive for the audience/followers. Through proper execution, this will become a new value proposition for the audience/followers.

In general, there is no significant difference in terms of the targeted customer segments. Influencers will continue to serve two types of customers, namely advertisers and audiences/followers themselves. In the previous business model, influencers did not have direct access to revenue from their audience/followers. However, through this proposed business model, influencers will have the opportunity to earn direct income from their followers through product sales.

In this proposed business model, it is possible to expand the channel used. Depending on the capability of the influencer itself, the addition of channels such as an e-commerce platform is possible to support the distribution of value from the social commerce business segment. The addition of this channel will indirectly have an impact on the visibility of the influencer itself. It is hoped that the additional channels and visibility will also provide positive returns to the advertising business segment which is the native area for influencers.

For the audience, the form of the relationship is self-service and co-creation. This can be achieved by conceptualizing user-generated content. As for advertisers, the type of relationship to be built is dedicated personal assistance through account executives or sales representatives. Related to the social commerce aspect, a separate customer service function is needed. This will add to the type of relationship that needs to be built into personal assistance. The same goes for adding channels; the addition of this type of relationship has the potential to have a positive impact on the influencer's native business; where the utilization of customer service functions can be allocated in such a way that followers can get a better engagement.

In addition to the previous mapped activities, this proposed business model also requires the ability to understand the existing audience/followers. This understanding of audiences/followers will be the basis for influencers to choose products that are relevant to their interests. Thus, promotional activities to introduce products to be sold do not become intrusive promotional activities for audiences/followers.

In general, there is no significant difference in the proposed business model. The main resources used are human resources, technical support, content creation, customer service, and other related functions, creative ideas, and capital budgets. In this proposed business model, influencers will have the opportunity to cross-promotion with other influencers; where one influencer will help advertise products from other influencers.

In this proposed business model, influencers will have additional costs, especially costs to maintain service level; such as additional costs related to customer service functions and product inventory. Apart from advertising revenue, influencers also have the opportunity to earn revenue from product sales. In other words, influencers also have the opportunity to diversify their income.

Key Partnerships	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Influencers Advertising agencies Communities and partner Platform Instagram Social network sites (Instagram, Facebook, Twitter, LINE, Snapchat, Steller, Youtube) Social Commerce Product supplier Community and other influencers	Influencer Content Making Content discoverability Developing community and partner Social Commerce Niche product selection related to audience/ followers insight Customer Service Key Resources Human Resource Audience/followers insight Audience/followers base	For advertiser: High audience number and/or relevance Pay per performance cost-based Good value for a price through bundling advertisements and orientation on advertising metrics For audience: Relevance content Relevance product information	For advertiser: Dedicated Personal Assistance For audience: Self-service and co-creation Distribution Channels For advertiser: Sales Account Executive For audience: Social Media Website	Advertiser: Corporates Online Shop/UMKM Audience: Indonesian gen Y and Z (15 – 34 y/o)
Cost Structures Human Resource's Cost IT Infrastructure Marketing and Promotion Inventory		Revenue Streams Digital Advertisement Media Placement Product selling		

Figure 8. Social Commerce Based Influencer Business Model Canvas

3.5 Financial Performance Evaluation

The financial performance is conducting through PT Infia Mega Semesta's financial report. PT IMS has subsidiary businesses both in influencer and social-commerce. This considers suitable to test the financial performance of social-commerce based influencer business model. The stages of evaluating financial performance are based on three types of measures, namely (1) income; (2) net profit margin; and (3) cash flows from operating activities. This is done to review the company's performance as an implication for the diversification of social commerce businesses (Lam, Yeung, Lo, & Cheng, 2019).

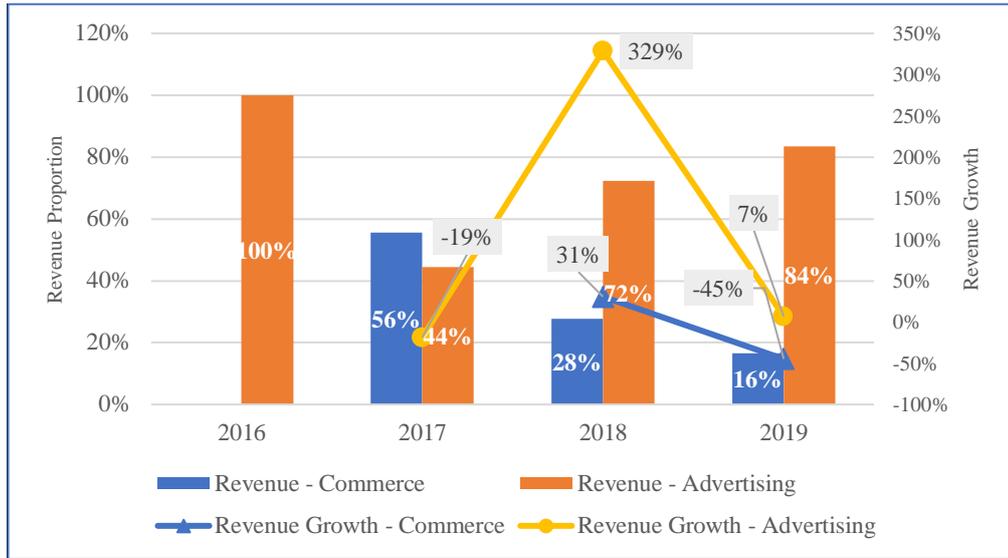


Figure 9. Revenue Proportion per Business Segment

In general, the company's revenue continues to increase at a rate (CAGR) of the total revenue of 64%. The increase in the revenue rate was supported by the advertising segment by 54% while the revenue rate for the commerce segment decreased by -15%. Despite having made a significant contribution in 2017, the proportion of revenue from the commerce segment experienced a significant decline in value in 2019. The same thing was also found in the review of the contribution value of operating cash flow and the company's net profit margin, where the commerce segment had a positive contribution in 2017, although in the following years it decreased.

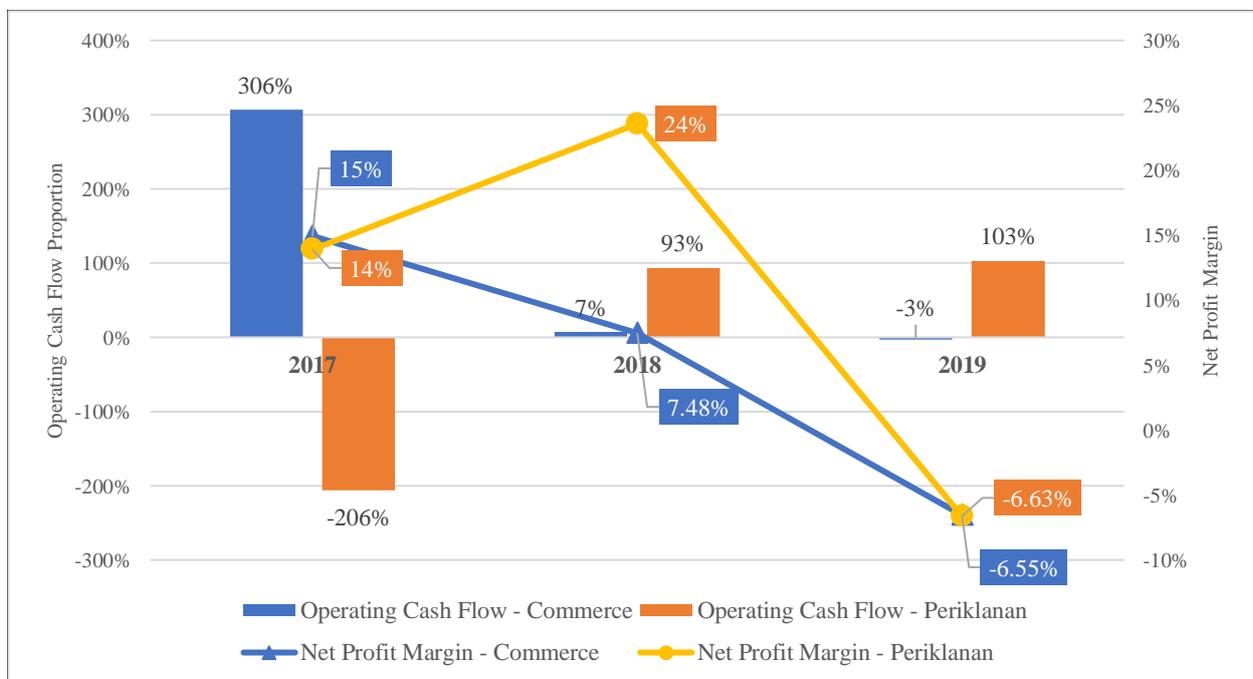


Figure 10. The proportion of Operating Cash Flow and Net Profit Margin per Business Segment

The decline in contribution value in the commerce segment was caused by the high type of uncertainty in the types of products (DIY category, hobbies, and men's cosmetics) which are the company's mainstay lines. The same thing was also found by Lam, et al. (2019), where a significant

difference in shareholder returns is only seen in companies that sell products with a high level of uncertainty.

4. Conclusions

The influencer business model needs to be divided into two types of consumers, namely advertisers and audiences. This is very important because these two consumers play a role in the sustainability of the influencer business. Potential revenue streams that can be obtained from this business model are digital advertisements and media placements. The revenue is obtained from advertiser consumers. However, advertiser consumers themselves will determine their choice of influencers according to the audience specifications of the influencer (number, segmentation, behavior, etc.).

The social-commerce business model tends to be simpler where the main focus is making sales but through Instagram media. Product selection is the key to the success of this business model. In addition, the selection of influencer partners is also very important considering the suitability of the target consumer and audience of the influencer partners.

The social-commerce based influencer is a combination of influencer and social-commerce business models where one corporate entity is able to sell products as well as influencing their audience to make product purchases. The social commerce-based influencer business model must be able to divide its consumers into two types, namely audience, and advertiser. This is important to do considering that both types of consumers are important consumers for social commerce-based influencers. The larger the audience, the stronger the position of social commerce-based influencers in the industry. However, social commerce-based influencers are not enough to just focus on their audience. They need to pay attention to advertisers and product niche voters considering that the revenue stream from this business model is obtained from advertisers and product sales. The approaches to these two types of consumers are so different that separate efforts are required.

Diversification in the social commerce business segment carried out by these influencers can make a positive contribution even though it is not sustainable. This has implications for establishing a business model where one of the core capabilities needed to enter the social commerce segment and extract added value is (1) an understanding of market tastes and (2) risk minimization, especially limitation of operating period and minimization of inventory.

This research is still limited to the companies PT Infia Mega Pratama, PT Infia Niaga Digital, and PT Infia Media Semesta where these companies have a similar consumer segmentation. Research on other types of consumer segmentation needs to be done considering the complexity of the types of consumers in digital media. As the complexity of consumers in digital media, this research implication is as a guideline for academics and practitioners to understand the business model of influencer, social-commerce, and social-commerce based influencers.

References

- Abidin, C. (2016). Visibility labour : Engaging with Influencers ' fashion brands and # OOTD advertorial campaigns on Instagram. *Media International Australia*, 161(I). <https://doi.org/10.1177/1329878X16665177>
- Ankli, R. E. (2014). Michael Porter ' s Competitive Advantage and Business Michael Porter ' s Competitive Advantage and Business History, (March).
- Babin, J., Hulland, J. (2019). Exploring online consumer curation as user-generated content. Span.

J. Mark.

- Bisma, M. A., & Pramudita, A. S. (2019). Analisa minat pembelian online konsumen pada saluran distribusi digital marketplace online di kota Bandung. *Competitive*, 14(2), 36–44. <https://doi.org/http://dx.doi.org/10.36618/competitive.v14i2.617>
- Constantinides, E. (2014). Foundations of social media marketing. *Procedia - Social and Behavioral Sciences*, 148, 40–57. <https://doi.org/10.1016/j.sbspro.2014.07.016>
- Gaw, M. (2016). *Mempertahankan Dominasi Social Commerce dalam Dunia Online Shopping*. Retrieved from <https://fintech.id/ideas/ideas-detail?id=169>
- GetCraft. (2019). *Indonesia Native Advertising and Influencer Marketing Report 2018*. Retrieved from <https://marketingcraft.getcraft.com/en-articles/indonesia-native-advertising-and-influencer-marketing-report-2018>
- Gilfoil, D., & Jobs, C. (2017). Return on investment for social media : A proposed framework for understandin. *Journal of Business & Economics Research*, 10(October 2012). <https://doi.org/10.19030/jber.v10i11.7363>
- Hendrix, T., Hidayat, A., & Hidayat, M. (2018). Implementing Business Model Canvas for Cibinong Science and Technology Park Penerapan Proses Bisnis Model Canvas pada Cibinong Science and Technology Park, *XIX*(1), 47–58.
- Hermanda, A., Sumarwan, U., & Tinaprilla, N. (2019). The effect of social media influencer on brand image, self-concept, and purchase intention. *Journal of Consumer Sciences*, 04(02), 76–89.
- Hoffman, D. (2015). *Can You Measure the ROI of Your Social Media Marketing ?*
- Kaltum, U. M. I., Zusnita, W. A. O., & Bernik, M. (2018). Perception and Expectation of Viewers and Proposed Business Models For Local TV Stations : Case of Internet Local TV Stations in West Java Province-Indonesia Persepsi dan Harapan Pemirsa dan Model Bisnis yang Diusulkan Untuk Stasiun TV Lokal : Kasus Stasi, *XIX*(1), 37–46.
- Kartajaya, H., Kotler, P.; Setiawan, I. (2017). *Marketing 4.0: Moving from Traditional to Digital*. Wiley: East Orange, NY, USA,
- Keane, S. F., Cormican, K. T., & Sheahan, J. N. (2018). Comparing how entrepreneurs and managers represent the elements of the business model canvas. *Journal of Business Venturing Insights*, 9(June), 65–74. <https://doi.org/10.1016/j.jbvi.2018.02.004>
- Lam, H. K. S., Yeung, A. C. L., Lo, C. K. Y., & Cheng, T. C. E. (2019). Information & management should firms invest in social commerce? An integrative perspective. *Information & Management*, 56(8), 103164. <https://doi.org/10.1016/j.im.2019.04.007>
- Lisichkova, N., & Othman, Z. (2020). *The impact of influencers on online purchase intent*.
- Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. John Wiley & Sons.
- Osterwalder, A., Pigneur, Y., & Tucci, C. L. (2005). Clarifying business models: Origins, present, and future of the concept. *Communications of the association for information systems*. *Communications of the Association for Information Systems*, 16(16), 751–775. <https://doi.org/10.17705/1CAIS.01601>
- Pearce, J. A., & Robinson, R. B. (2008). *Manajemen Strategis, Formulasi, Implementasi dan Pengendalian*. Jakarta: Salemba Empat.
- Pramudita, A. S. (2020). Pengaruh insight media sosial instagram. *JURISMA: Jurnal Riset Bisnis Dan Manajemen*, 10(April 2020), 1–14.
- Pramudita, A. S., Hilman, T., & Annisawati, A. A. (2019). Pengembangan social engagement melalui media situs jejaring. *Competitive*, 14(1), 41–44. <https://doi.org/http://dx.doi.org/10.36618/competitive.v14i1.507>

- PubMatic. (2019). *Global Digital ad Trends*. Retrieved from <https://pubmatic.com/wp-content/uploads/2018/12/2019-Global-Digital-Ad-Trends.pdf>
- Statista. (2019). *Digital Advertising-Indonesia*. Retrieved from <https://www.statista.com/outlook/216/120/digital-advertising/indonesia#market-revenue>
- Szymanski, G., & Lipinski, P. (2018). Model of the effectiveness of Google Adwords advertising activities. *Conference: 2018 IEEE 13th International Scientific and Technical Conference on Computer Sciences and Information Technologies (CSIT)*, (September). <https://doi.org/10.1109/STC-CSIT.2018.8526633>
- Veirman, M. De, Cauberghe, V., & Hudders, L. (2017). Marketing through Instagram influencers : the impact of number of followers and product divergence on brand attitude, *0487*. <https://doi.org/10.1080/02650487.2017.1348035>
- Wati, L., & Fitrie, E. (2018). Penggunaan Digital Influencer dalam Promosi Produk (Studi Kasus Akun Instagram @ bylizzieparra). *Warta ISKI*, *01*(01), 71–82.
- Zott, C., Amit, R., & Massa, L. (2011). The business model: Recent developments and future research. *Journal of Management*, *37*(4), 1019–1042. <https://doi.org/10.1177/0149206311406265>