


Analysis Of The Effectiveness Of E-Commerce Utilization In Developing Marketing For SME Products (Case Study Of SMEs In The Tanjung Morawa District)

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Article Info	ABSTRACT
Keywords: Effectiveness, E-Commerce, Marketing Development, SMEs	In the current era of globalization, technology plays a pivotal role in various aspects of life, particularly in business activities. E-commerce has emerged as a prominent platform, facilitating product selection, transactions, and interactions between buyers and sellers through internet-connected media. This research explores the effectiveness of e-commerce in developing product marketing for micro, small, and medium enterprises (UMKM), focusing on a case study in the Tanjung Morawa District. Employing qualitative descriptive research, this study aims to provide insights into the impact of e-commerce on UMKM marketing strategies. Data collection involves direct interviews with UMKM owners. The findings reveal that e-commerce offers significant advantages for UMKM, enabling them to overcome barriers such as distance and time in conducting business activities. Through e-commerce, UMKM can reach a broader consumer base and enhance their competitiveness in the market. However, challenges such as technological barriers and online visibility persist. Overall, the study underscores the importance of e-commerce as a strategic tool for UMKM development and offers recommendations for its effective implementation.
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INTRODUCTION

Technology is created to facilitate human activities. In this era of globalization, technology is rapidly evolving in every aspect of life, especially in the business sector, which has many positive impacts on entrepreneurs. The current technological advancements also intensify business competition, demanding entrepreneurs to innovate with technology. In this highly advanced era, a phenomenon emerges involving buying and selling activities using technology, which brings about significant changes. While in the past, buying and selling activities were conducted face-to-face, nowadays, transactions can be carried out without time and distance constraints. The evolving technology-driven buying and selling activities are referred to as E-commerce (Pradana, 2016).

E-commerce, in general, is defined as electronic transaction media for buying and selling through the internet or as a business activity utilizing electronic technology to connect companies, consumers, and the public through internet media (Daga et al., 2020). The development of the internet has significantly influenced the marketing environment worldwide, providing companies with the ability to expand their business reach through e-commerce (Hafni et al., 2020).

The development of e-commerce has brought about many changes in the buying and selling process, transforming it from direct to indirect. E-commerce presents a golden opportunity for businesses to sell products and expand their target markets, especially for micro, small, and medium enterprises (MSMEs). Utilizing e-commerce as a buying and selling platform for MSMEs is a strategic step in expanding their target market because e-commerce allows buyers and sellers to interact without distance barriers. MSMEs can also conduct transactions easily, reduce operational costs related to physical stores such as rent, electricity, and other expenses, and increase operational efficiency in managing catalogs, order processes, and deliveries more efficiently (Purnama & Putri, 2021).

Micro, small, and medium enterprises play a crucial role as the backbone of a country's economy, whether in the food, service, goods, or other sectors, as they are the largest contributors to gross domestic product formation and employment absorption. Economic recession in a country is defined as an event when the country's economy experiences a decline in gross domestic product, high unemployment rates, and negative economic growth for two consecutive years. In the economic history of Indonesia in 1998 and during the Covid-19 pandemic, MSMEs were able to survive these crises. MSMEs are part of an independent economy that plays a significant role in improving community welfare. Indicators of their significant role in improving community welfare include economic equality among small communities, poverty alleviation, job creation to reduce unemployment, and a source of foreign exchange income for the country (Arianto, 2020).

Understanding the quantity and growth of MSMEs in a region is crucial as MSMEs serve as the backbone of the economy in a country. When a region experiences an increase in the number of MSMEs, it can be interpreted as an improvement in the economic condition of that area due to higher purchasing power. Conversely, if a region experiences a decrease, it indicates a weakening economy. According to the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM), there were 64.2 million micro, small, and medium enterprises (MSMEs) in 2021 (Sara & Fitryani, 2020). Meanwhile, in the same year, the government launched a digital platform called OSS (Online Single Submission) aimed at facilitating MSMEs in registering their business legality, ensuring that the business is recorded in the Ministry of Cooperatives and Small and Medium Enterprises. As a result, the number of micro, small, and medium enterprises increased in 2022:

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*Berdasarkan Provinsi

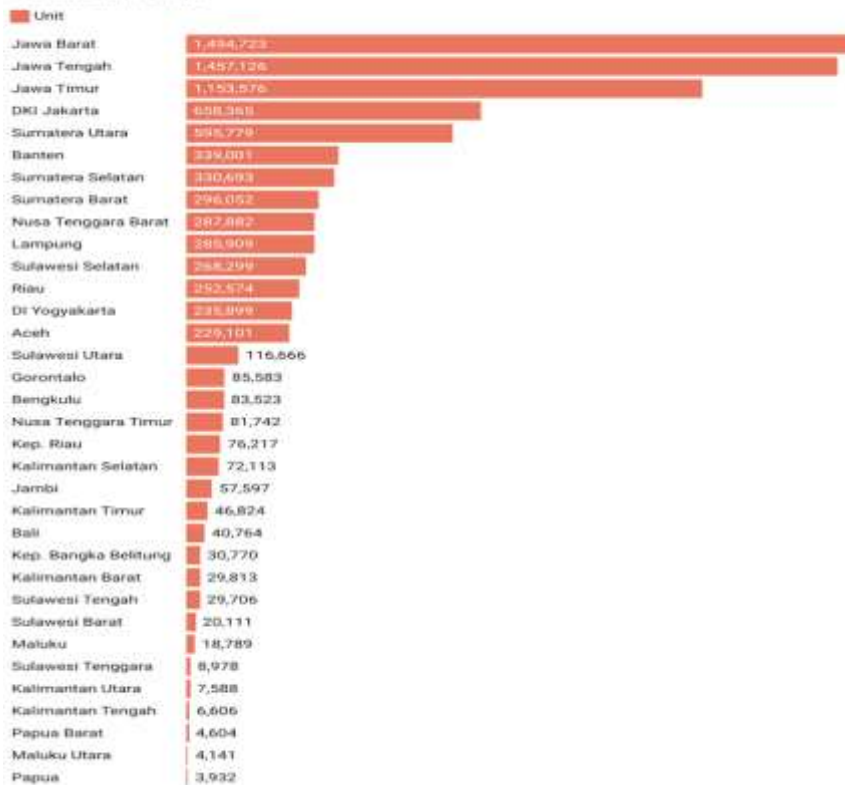


Chart: Aulia Mutiara Halia Putri - Source: Kementerian Koperasi, Usaha Kecil dan Menengah - Created with Datawrapper

Tanjung Morawa is one of the districts located in Deli Serdang regency, North Sumatra province. This district is quite close to Medan city, only about a 20-30 minute's drive from Medan. Tanjung Morawa is known for having numerous industries/factories and is referred to as the industrial center of entrepreneurs in Medan (Deli Serdang, n.d.). According to the Deli Serdang Regional Government (Pemkab Deli Serdang, 2019), the number of MSMEs in Tanjung Morawa amounted to 8,231 units from 2021 to 2023, and this data is still growing. The increase in the number of MSMEs has led to fiercer competition in business, demanding entrepreneurs to compete with current strategies and technologies, whether in food, services, or goods sectors. According to the Indonesian e-commerce association (idEa), the growth of digital MSMEs has reached 21.8 million in 2023. Digital MSMEs refer to businesses whose sales and marketing operations are conducted through the internet via digital platforms (Stefani, 2023). In Indonesia, many e-commerce platforms are utilized by MSMEs for product development, such as Shopee, Tokopedia, Lazada, Bukalapak, Blibli, Go-Food, Shopee-Food, and others (Sinambela et al., 2021).

Among micro, small, and medium enterprises (UMKM) in Tanjung Morawa, several popular e-commerce platforms have gained prominence for their effectiveness in facilitating business activities. One such platform is Tokopedia, known for its user-friendly interface and extensive reach within the Indonesian market. Another popular choice among

UMKM is Bukalapak, offering a diverse range of products and services and catering to a wide audience. Shopee is also widely utilized by UMKM in Tanjung Morawa, offering various promotional tools and a seamless shopping experience for both sellers and buyers. These e-commerce platforms provide UMKM with the necessary tools and resources to showcase their products, connect with potential customers, and expand their market presence. By leveraging these platforms, UMKM in Tanjung Morawa can overcome traditional barriers to trade and thrive in the digital economy.

In 2020, the world was hit by the COVID-19 pandemic, causing all activities to be conducted online, including household purchases and others. Today, we are familiar with e-commerce as one of the media used for buying and selling transactions. E-commerce platforms have rapidly changed people's lifestyles in conducting buying and selling transactions, especially during the pandemic that required large-scale social restrictions, which was bad news for MSMEs in the Tanjung Morawa district that conducted direct buying and selling activities. Therefore, e-commerce plays a crucial role as an effective marketing development strategy. After the restriction of outdoor activities, the subsequent impact of this pandemic is the increase in the number of laid-off workers and employees, resulting in many people opening small and medium-sized businesses, thus creating more new MSMEs and intensifying business competition in the Tanjung Morawa district. The importance of utilizing e-commerce becomes a good strategy to overcome fierce business competition because e-commerce can expand marketing reach, increase sales volume, and broaden marketing promotions, making this strategy truly effective in product marketing development (Yustika et al., 2022).

This research is based on previous studies, including the research on the Effectiveness of E-Commerce Usage as a Support for Business Activities in Small and Medium Enterprises (SMEs) in Malang Raya, which found that SMEs were not effectively supporting business activities through e-commerce as a marketing medium, but there were several reasons why SMEs were ineffective, including limited information about e-commerce usage and the characteristics of SME owners aged 50 and above, leading to reluctance to accept new things, especially technology (Prabandari & Azzuhri, 2011). Meanwhile, in subsequent research on the Effectiveness of E-Commerce Usage as an Entrepreneurship Strategy for Street Vendors in Jombang, the survey results showed that the usage of e-commerce as a strategy for developing street vendors had a significant impact on sales levels (Atmojo, 2022).

METHODS

The research utilized in this academic work employs a qualitative descriptive research method. According to Sugiyono (2018), qualitative research method is used to investigate natural object conditions, where the researcher acts as the key instrument, data collection techniques are conducted through triangulation (combination), data analysis is inductive, and qualitative research results emphasize meaning rather than generalization (Sugiyono, 2018). The qualitative method was chosen for this research because the subjects focused

on MSME owners who use e-commerce exclusively, as qualitative research is specifically related to the study of social relationships related to facts from the pluralization of life. This research approach utilizes a descriptive focus on existing phenomena and natural conditions, rather than controlled conditions, experiments, or laboratories (Risald, 2021). Therefore, the researcher must directly engage with the research object to gain a better understanding of the issue, gather data, and comprehend the research subject.

The data used in this study are primary data collected through interviews with MSME operators. In this interview technique, the researcher conducts face-to-face question and answer sessions with MSME owners because interviews are a systematic way to gather information in the form of verbal statements about an object or event in the past, present, and future (Aco & Endang, 2017). The location of this research is in the Tanjung Morawa district with a population of MSME owners in the Tanjung Morawa district. Population is a generalization area consisting of objects or subjects with specific quantities and characteristics determined by the researcher to be studied and then drawn conclusions from (Pujaastawa, 2016). After collecting the data, the researcher conducts data analysis as follows:

1. Data Reduction: Based on the interview results, simplification and grouping of results are carried out to answer the ongoing phenomenon.
2. Data Presentation: The simplified data is then presented in various forms, such as narrative texts based on available information.
3. Drawing Conclusions: Aimed at gathering all available data according to the interview results.

The selection of subjects in this study uses purposive sampling techniques considering specific criteria in selecting data sources. Consideration with specific criteria is done because the research subjects are considered to have the broadest knowledge about what is expected of them, which will facilitate the researcher to explore the objects or conditions studied (Darmawan, 2021).

This research uses limited subjects due to time and cost constraints, and subject criteria according to the researcher's needs. The researcher selects 7 subjects considered to provide the necessary data responses, with some criteria set as follows:

- a. Subjects have been using e-commerce for at least 1 year.
- b. Subjects reside in the Tanjung Morawa district.
- c. Subjects are aged between 20 and 35 years old.

With the criteria set by the researcher, it is expected to provide accurate information regarding the effectiveness of utilizing e-commerce in product marketing development.

RESULTS AND DISCUSSION

The emergence of e-commerce presents a new opportunity for MSMEs as a strategy for product development and marketing. E-commerce also enhances consumer purchasing power due to the ease of buying and selling products. Effectiveness refers to the level of success of an effort or action in achieving predetermined goals. The utilization of e-

commerce by MSMEs is a good strategy for product marketing development aimed at increasing product sales, expanding the target consumer base, and ensuring business sustainability. To determine the effectiveness of an MSME in using e-commerce, it can be observed from the results of interviews conducted with 7 MSMEs (Maharani & Sugiyono, 2021).

An MSME named "artheekitchen," which sells food, explains the role of e-commerce in increasing product sales, expanding the target consumer base, and ensuring business sustainability (Effendy & Sunarsi, 2020):

"At first, we used Facebook, and thankfully the response was good. Then, after a few weeks, we tried using Instagram because the market is different; mothers aged 35 and above use Facebook, while those in their 30s or younger who are active on online applications like Gojek, thankfully, we were well-received by Instagram users. Thankfully, the first application we used, Grab, had responsive buyers, and then we added more like Gojek and Shopee Food. At the beginning of our online business, after 8 months, we tried offline and were well-received by the market. Then, when COVID emerged, perhaps due to economic adjustments, those who were previously offline and those who were previously online, all activities, now everything has returned to normal. So, during the transition from COVID to normal activities, there was a decline in sales for about a month, and we temporarily closed our offline store, which had only been open for 3 months. Then, after a month of transitioning from COVID to normal, there were even more customers, we were sought after from various districts and people from outside the city, such as Medan, Tembung, Lubuk Pakam. We follow the current trend; we only use a few applications and e-commerce like Instagram, Facebook, and others, but if the era becomes more advanced, we will follow suit; if we use websites and others, there is a market, we will follow depending on the market."

Meanwhile, the owner of "boskosmetik," an MSME specializing in beauty products, provided a slightly different statement:

"At the beginning of creating e-commerce, we promoted it through Instagram, Facebook, and other social media platforms, stating that if customers want our products at a lower price, they can get them through this e-commerce platform. To attract customers, we offer various promotions and discounts on our products, which make people interested. Many customers prefer to come directly; it's quite significant. Perhaps, it's more comfortable for customers to meet directly at home. If other applications such as Shopee and TikTok Shop show promising outcomes, we don't mind participating and creating accounts on other platforms in line with the current trends."

Amaroo Coffee, an MSME in the food and beverage sector, provided the following statement:

“When introducing e-commerce to customers for the first time, we used two methods: direct communication, informing customers that our menu can be accessed via Go-Food, and secondly, we provided templates that could be ordered through Go-Food via banners and stickers. To encourage customers to buy, we offer promotions and discounts for orders placed through Go-Food. It's quite busy with purchases through Go-Food because customers are attracted to buy due to the discounts and the delicious taste of our food and beverages, which make them enjoy our products. There are customers from outside the district who come because they ordered food from Go-Food and found it delicious. They even come here to chill out. Selling on other e-commerce platforms is not ruled out because e-commerce is designed to make things easier for us, and we may consider creating other e-commerce platforms like Grab Food or Shopee Food in the future.”

Dapur Cantika, an MSME in the food sector, especially cakes and snacks, which has been operating for 10 years, provided the following statement:

“We've been in this business for about 10 years, starting offline for the first 6 years and then moving online 4 years ago until now. The beginning of online sales was through Facebook and then continued with GrabFood. My strategy to increase sales is based on maintaining the quality of the ingredients I sell. Insha Allah, what I sell also ends up being good. In terms of the balance between online and offline, it's quite balanced. Social media helps, but previously, offline sales also contributed. Most customers prefer to come directly to the kitchen; almost 80% of them come here directly. For now, it seems like I'm still not willing to sell on other apps, but in the future, InshaAllah, if there are promising prospects, I might consider it.”

Nativecat Market is an MSME operating in the fashion sector, selling shoes and clothes, and provided the following statement:

“Since the beginning of this business in 2021, we've been selling our products on Shopee to make buyers feel secure when conducting transactions, and before that, we informed people through Instagram promotions that we have an e-commerce store on Shopee. My strategy is to showcase the products on my e-commerce platform by posting photos of models wearing the items I sell, matching the colors of the clothes and their functionality to instill confidence in buyers. Additionally, buyers also get free shipping and other promotions from Shopee. Most customers prefer to buy online; only one or two people come to the house. Currently, we're focusing on Shopee first because other apps are relatively quiet, as people mostly use Shopee compared to other apps. Perhaps in the future, there will be TikTok Live or Tokopedia based on customer demand.”

Kriuk Kriuk Fried Chicken, an MSME specializing in fast food, provided the following statement:

“This business has been established since 2019, and in 2020, when COVID started spreading, we started using Go-Food e-commerce because outdoor activities were restricted, affecting sales, especially since most buyers are school children who were then confined at home, so we tried online sales. We inform customers that we're on Go-Food directly when they make a purchase, informing them that they can order without coming here, and I also share it via WhatsApp. The strategy to attract buyers is to offer package promotions, like chicken rice and a drink at a certain price. Since using online platforms, offline sales have been significantly boosted. Customer visits are mostly from the local area. There are no plans yet to create other applications; we're focusing here for now.”

Juice Cup, an MSME selling juice drinks, provided the following statement:

“We opened in 2021, and after 3 months, we started using GrabFood for online sales. To introduce GrabFood, I placed the logo or image on the menu of our drinks, indicating availability on GrabFood. To attract customers, I always maintain the quality of the fruits and the taste of the drinks to ensure customer satisfaction. Satisfied customers tend to recommend us to their friends and neighbors, indirectly promoting us. Sales have significantly increased due to online platforms, especially during hot weather when people prefer to stay indoors and order online, especially during lunchtime when many factory workers and office workers order. Customer visits vary depending on the weather; it's busier during hot weather but quieter when it rains. There are plans to use other apps, but it hasn't been considered yet; we're still focused on what we have for now.”

CONCLUSION

Based on the findings of the research, six out of seven MSME owners stated that e-commerce significantly aids in increasing product sales, expanding the customer base, and ensuring business sustainability. Meanwhile, one MSME owner expressed that e-commerce has minimal impact on product marketing development. The variance in these statements may be influenced by the location of the MSMEs. Six out of seven MSME owners are situated in strategic locations, such as city centers, where their surroundings consist of offices and companies. In contrast, one out of seven MSME owners is located in suburban areas or more specifically, rural areas. The findings underscore the substantial role of e-commerce in facilitating sales growth, broadening customer bases, and ensuring business sustainability for MSMEs in the region. However, the variance in perceptions among MSME owners regarding the impact of e-commerce on product marketing highlights the importance of considering contextual factors, such as location, in formulating tailored strategies. By acknowledging these nuances, policymakers and MSME owners can better harness the potential of e-commerce to drive economic advancement and resilience within the Tanjung Morawa district.

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