

DIGITAL MARKETING AS A SOLUTION TO THE CHALLENGE OF MSME MARKETING SUCCESS IN THE ERA OF THE COVID-19 PANDEMIC

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ABSTRACT

This study examines how Digital Marketing is one of the solutions used by MSMEs to survive and grow in the Covid-19 pandemic era. The object of research is 35 thousand MSMEs who have been affected by the pandemic era. The method used in this research is a literature study. The results of this study are that in the era of the epidemic, consumers almost forgot about the brand, so that promotion through digital advertising can remind brand awareness. Digital marketing can expand the marketing reach of MSMEs. And with the massive use of digital marketing, it has been done to increase customer awareness. Marketplace is a form of investment from e-commerce, namely solutions or changes in marketing and sales methods.

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I. INTRODUCTION

The impact of the COVID-19 pandemic has affected every field, both large companies and small companies and MSMEs. This is because at the time of the epidemic, many changed the line of life in all sectors, including the economic sector. In this era, many regulations were issued that conflicted with economic interests. With the downturn in the business and economic world, entrepreneurs must find alternatives to market their products. In particular, the issuance of PP No. 21 of 2020 concerning Large-Scale Social Restrictions which intends to limit the movement of people and goods which requires people to stay at home more unless there is an urgent need. And the government has also made a PPKM policy (Implementation of Restrictions on Community Activities), this has a direct impact on Micro, Small and Medium MSME actors.

According to a survey conducted by the Indonesian Business Development Service Association (ABDSI) in April - May 2020 there were 6,000 MSMEs throughout Indonesia and 36.7% of MSMEs did not make sales. This means that around 26.6% of its sales decreased by around 60% during the covid-19 pandemic. To overcome this decline, there must be the right strategy in the midst of the COVID-19 pandemic so that MSMEs can continue to sell their products and earn profits. One of the strategies that can be applied during the pandemic is using digital marketing.

Quoted from Wirapraja's opinion (2018), the current development of the era requires marketing to update its sales system so that it can remain competitive in the current era. One alternative that is done is with digital marketing which is expected to work. During the pandemic, consumers almost forgot about the brand, so that communication through digital advertising would remind us of Brand Awareness quoted from opinion (Rudi; Santoso 2019).

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Digital behavior can encourage the expansion of online consumers no longer in the millennial generation (Haryokusumo & Wibowo, 2020).

According to data quoted from iprice.co.id, internet users in Southeast Asia have increased by 100 million since 2015 to a total of 360 million by 2019. E-commerce and ride-hailing applications have become an integral part of people in Southeast Asia, especially those living in cities. -big cities such as Jakarta, Bangkok, and Kuala Lumpur.



Sumber : <https://iprice.co.id/trend/insights/pengguna-aktif-bulanan-aplikasi-e-commerce-di-indonesia-dan-asia-tenggara/>

Figure 1. Top E-Commerce Applications in Indonesia and Southeast Asia

Based on the data above, many Southeast Asian and Indonesian people have used e-commerce applications for shopping. This has had an impact on marketing trends, from conventional transactions to digital transactions with cashless payments. These non-cash payment applications include OVO, Dana, Sakuku, Gopay, Shopee pay and the like.

The purpose of this research is that with digital marketing, it is hoped that MSME actors can adapt to conditions during the pandemic so that they can design and implement new strategies in their business. This study will examine the linkage of digital marketing as a solution to successful marketing in MSMEs.

2. METHOD

Digital Marketing

Digital Marketing (Mustika, 2019) is a promotional activity and market search through digital media online by utilizing various means, such as social networks. Today's virtual world is not only able to connect humans with devices, but humans and other humans all over the world. Digital marketing consists of interactive and integrated marketing to facilitate interaction between producers, market intermediaries and potential buyers or consumers.

In research conducted by Aliami et al. (2018), it is stated that digital marketing processing can have an impact on increasing start-up business income. But there are often problems, namely the lack of business people understanding how to create good content and the response to the content provided is very lacking. Similar to research conducted by Susilo (2018) which

states that there are differences in the profile of a demographic of social media users, so that a digital marketing communication strategy is needed so that there is no mistargeting.

MSME

MSMEs are a form of micro and medium scale business, MSMEs are fast in Indonesia by absorbing a workforce of 97.2% (Febriantoro, 2018; Iqbal, 2015). Law No. 20 of 2008 states that Micro, Small and Medium Enterprises are business activities that are able to expand employment opportunities and provide economic services to the community at large and play a role in the process of equitable distribution and increase in people's income, encourage economic growth and realize national stability. In the research of Bosma et al (2018) which states that productive MSME entrepreneurship contributes to economic growth. The indicators used include financial performance, local government, institutional quality, and the ability to start a business/business.

Marketing

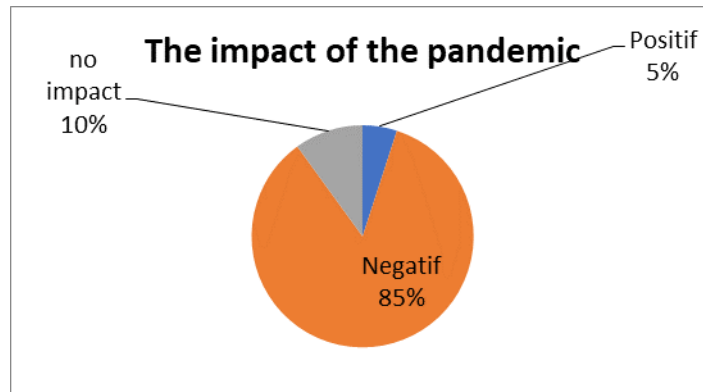
Marketing is the whole system of business activities carried out to plan, from pricing, promotion and distribution of goods so that these products or goods can satisfy consumers to achieve goals within a company. As described in the research of Soemarni and Soeprihanto (2010), the marketing mix is a combination of the core variables of the marketing system consisting of product, price, promotion and distribution by the company in order to influence consumer responses.

E-Commerce

E-commerce can be defined as a process of buying/selling or transacting goods or services electronically from consumers to businesses or consumers to consumers using computer and internet intermediaries (Maulana, 2015). Meanwhile, research conducted by Febrianto (2018) argues that the diversity of products that can be sold in the marketplace is the initial capital for the large market share. The key to becoming the largest marketplace is service and guarantee of sales transactions.

3. RESULTS AND DISCUSSIONS

At the time of the Covid-19 pandemic, it brought many changes to the behavior of consumers and producers. This change is inseparable from the rules that apply during the pandemic, forcing individuals to carry out physical distancing. At this time, it has an impact on the behavior of consumers and producers. This change in consumer behavior is inseparable from the rules that were applied during the pandemic, which forced people to keep their distance. And this makes everyone reluctant to leave the house, gather or do activities outside the house. With limitations, it has a serious impact on business people. To interact socially with the community was almost cut off during the pandemic. Social imitation society is limited to the partition and virtual world space. The impact experienced by MSME actors according to data from Katadata (2020) is quite serious which states that only 5.9% of MSMEs are able to benefit during the pandemic, the remaining 82.9% are negatively affected.



Sumber data: Diolah 2022

Figure 2. The Impact of the Pandemic on Business

Many MSME actors have experienced a decline in turnover. Of the 36 thousand MSMEs who experienced a decrease in turnover of about > 30%, 63.9%, while the other 31.7% experienced a decrease in turnover of 0-30%.

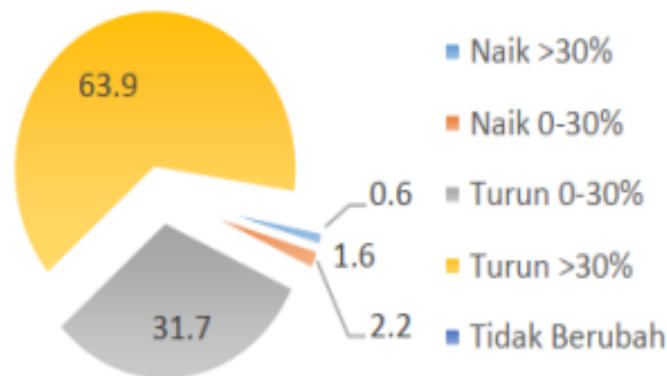


Figure 3. Changes in Business Turnover

MSME DIGITAL MARKETING

In a study conducted by Garcia et al (2019), it was stated that the use of digital marketing media was able to increase customer loyalty. The ability of MSMEs to survive during the COVID-19 pandemic is not only supported by good financial processing, but also requires a strategy to adapt. The digital marketing used in this case is social media. According to data from 50% of MSME business actors who can rise, using digital strategies. This change concerns the procedures for selling, promotion, supply chain, distribution and others.

Business people change promotion and sales methods that used to be offline to online. According to research conducted by Febiantoro (2018), during the pandemic, MSME actors who had previously used the marketplace as sales advice were relatively able to survive compared to business actors who were still offline.

Estrin et al (2016); Octavia and Sari (2018) state that social media used as a digital marketing tool is able to increase consumer awareness. Awareness serves to remind consumers of the existing brand. Because at the time of the pandemic, consumers were not focused on expensive brands but more focused on when this pandemic would end.

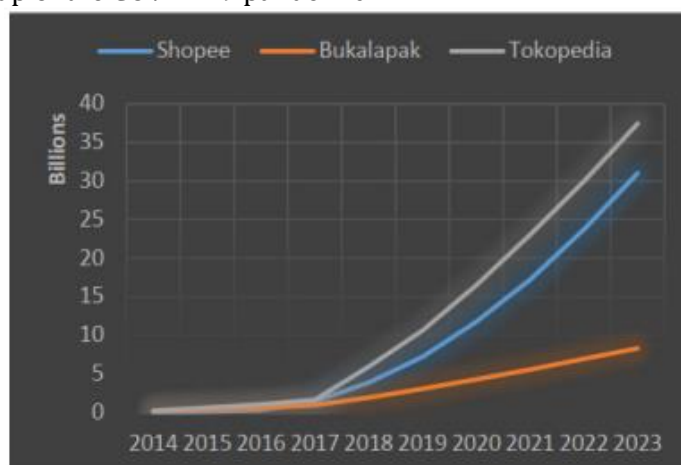
Social media that is used as a digital marketing tool is able to encourage consumers to remember a brand for a product. Then consumers will do instant buying using the marketplace. Consumers are quicker to decide on instant buying when products are promoted with digital marketing in the marketplace.

The sustainability of an MSME level business must be able to survive if it does not want to be lost in the market. In research conducted by Iqbal (2015) revealed that an important component in business continuity is the customer. In his research, it was revealed that the customer value in determining business continuity is 85% of the total components. So that being able to retain customers and seek expansion of new customers is the most rational strategy in the midst of a pandemic.

MARKETPLACE AND MSME

Due to the regulations during the pandemic that forbid people to reduce all their activities outside the home and keep their distance, making consumers behave in the transaction of offline purchases to online. And the container or place for this transaction has a level of speed and security based on an online business called Marketplace. However, the application for buying and selling marketplaces is not an easy matter for MSME actors. Here they face competition with old players who have done online business first, because many of the MSME actors are not familiar with the use of digital or online media.

By using the marketplace, it is hoped that the sale and purchase of MSMEs will be able to survive and increase their sales turnover during the pandemic. This increase in turnover is related to the decrease in operational costs when using digital means. efficient financing and effective processes are felt to really help MSMEs to survive because everything is done online. MSME partners in the marketplace during the pandemic experienced an increase of 8.2 million in August 2020 from before. Whereas if we look at it before the Covid-19 pandemic, the marketplace took approximately 10 years to increase its partners. In a study conducted by Ellyani and Magdalena (2018), they argue that e-commerce is very useful in increasing MSME sales, especially snacks or snacks. Through the marketplace, the sales reach will be wider. Although the number of partners in the marketplace has increased significantly in the past 2 years, this leaves a problem in digital technology literacy. This has encouraged MSMEs to reform and get out of the trap of the COVID-19 pandemic.



Sumber data: olahan dari berbagai sumber

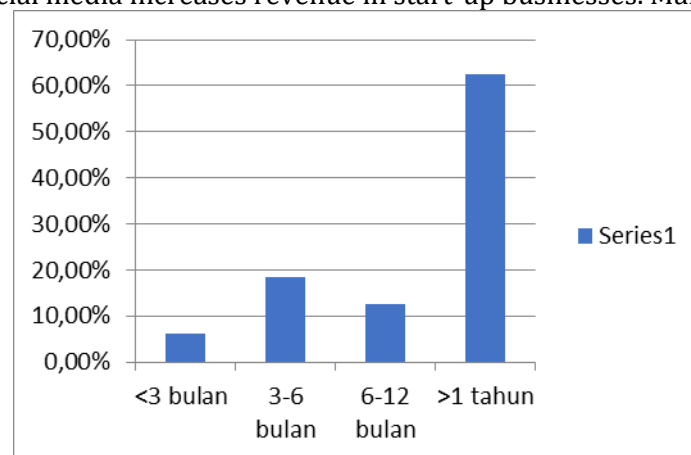
Figure 4. Transaction Value on Marketplace

The picture above shows that the transaction value of Tokopedia in 2018 reached US\$5.9 billion. This achievement continues to increase until it reaches transactions of US\$ 36.54 billion in 2023

MSME BUSINESS SUSTAINABILITY

Indeed, during the Covid-19 pandemic, it was a difficult time for MSMEs and the business world. But all that doesn't mean nothing survives or grows. MSMEs that can survive and grow during the pandemic are those who belong to the digital ecosystem (Diez-Martin et al., 2019). The digital ecosystem in this case is the existence of a marketplace as a means of selling MSME products. The second strategy carried out by MSMEs is in addition to digital marketing, they also carry out innovations. Innovation is not only done with content or products. But they also pay more attention to the kite or serving to customers. And the existence of digital features in the sales and promotion model is able to boost sales and customer awareness.

In a study conducted by Alimi et al (2018), it was revealed that the use of digital marketing using social media increases revenue in start-up businesses. Marketplace use



Sumber data: olahan dari berbagi sumber

Figure 5: Long Lasting MSMEs Since the Pandemic

The use of marketplaces by MSMEs is one of the factors of strength to survive in the midst of a pandemic. MSME actors show that they are more comfortable with the use of this technology. And with the use of the marketplace, it can encourage economic growth.

OBSTACLES

To be able to survive in this pandemic period, MSME actors are able to add types of expansion channels in sales and marketing. The expansion of alternative marketing and sales channels is closely related to the use of internet media (marketplace). Marketing of MSME products using digital marketing, especially social media, has become a trend and a necessity in the midst of a difficult time for the pandemic. Around 60.3% of business actors use social media.

MSME actors are still reluctant to use digital means because they cannot use the internet properly. Coupled with the network infrastructure that is still inadequate related to internet access. As shown in Figure 6 below.

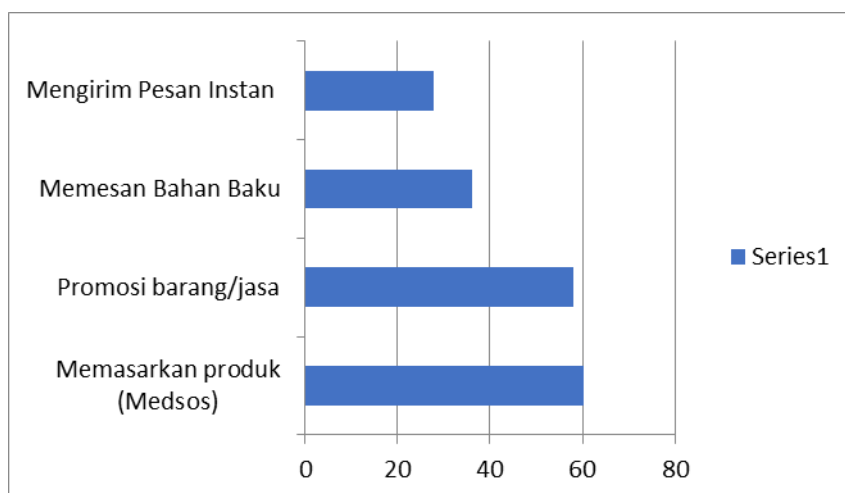


Figure 6 : Reasons for SMEs to use the Internet

4. CONCLUSION

The Covid-19 pandemic has changed the business order in almost all fields. The uncertainty of the COVID-19 pandemic has resulted in MSMEs having to experience a decrease in income. But not a few are also able to survive this pandemic or even experience improvement. MSMEs that are able to survive are those who are able to follow changes in strategy for their business. Digital Marketing carried out by MSME actors to increase sales and marketing reach. By using social media and marketplaces for digital marketing purposes, it is proven that they can maintain customer awareness of the products they offer to consumers. However, not a few MSME business players, especially those who have just experienced new problems in business competition. So that the use of Digital Marketing that is integrated directly with the marketplace is the key in maintaining the continuity of the MSME business during the pandemic. In this study, there are limitations, namely using secondary data derived from literature and previous research, so that in the future this research can be carried out by examining in depth MSME actors who can survive in the pandemic from their business model changes.

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