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THE ROLE OF DIGITAL MARKETING FOR MICRO, SMALL AND MEDIUM ENTERPRISES IN THE ERA OF THE ASEAN ECONOMIC COMMUNITY

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Abstract

Today's technology continues to grow and users begin to feel the benefits of using the internet. Some feel dependence on the presence of the Internet, including the activities of Micro, Small and Medium Enterprises (MSMEs) using information technology in their business, especially in the era of the ASEAN Economic Community (AEC). The purpose of this study is to describe in general the impact of digital marketing on SME sales in Batam City. This research is qualitative in nature and uses a triangular model that combines structured interview methods, in-depth interviews and observations of MSMEs participants who actively participate in Market Community Improvement Services – Cooperatives and SMEs in the City. From the results of the study it can be seen that digital marketing facilitates communication and direct interaction between MSME players and consumers, increasing market share, increasing the visibility of MSME players and increasing sales.

***Keywords:* Marketing Management, Digital Marketing, MSMEs**

Introduction

Technological progress is unavoidable in today's life because technological advances go hand in hand with advances in science (Amrina, Mudinillah, Hikmah, & Hamid, 2022). Every innovation is designed to bring positive benefits, provide many conveniences, and provide new ways to carry out activities that are in line with human life. Particularly in the field of technology, society has greatly benefited from innovations in the last decade (Brynjolfsson & McAfee, 2012).

Users who are inseparable from the online world are increasingly experiencing the benefits of the internet. For example, online marketers, bloggers, vloggers, and now online stores are increasingly becoming the focus of consumers looking for certain products. The Ministry of Communication and Informatics (Kemkominfo) said that currently the number of internet users in Indonesia has reached 82 million. This places Indonesia in the eighth world ranking (Kominfo, 2013).

Current technological developments have shown many extraordinary advances. Many things in the field of life that take advantage of the existence of technology itself. Its existence has had a considerable impact on every aspect and dimension of human life. Similar to communication technology, it is the hardware in the organizational structure

that contains the social values that enable individuals to collect, process, and exchange information.

One of the economic forces that supports the strength of the Indonesian economy and the regional economy is the existence of micro, small and medium enterprises (MSMEs). When the world economy and the Indonesian economy were in a recession, MSMEs were not too affected by the recession, in fact most of the MSMEs were still able to develop their businesses to support the country's economy. Micro, small and medium enterprises can maintain and increase their contribution to regional economic growth and increase national tax revenues. In addition to the support of large industries, they also receive strong support from small industry groups.

The micro, small and medium enterprises (MSMEs) sector has contributed to the growth of Gross Domestic Product (GDP) over the last five years. The Ministry of Cooperatives and Small and Medium Enterprises (UMKM) sees the contribution of the MSME sector increasing from 57.84% to 60.34%, and the MSME sector also absorbs state workers. Over the past five years, the rate of employment in the MSME sector has increased from 96.99% to 97.22% (Roblek, Meško, & Krapež, 2016).

The purpose of this study is to describe in general the impact of digital marketing on the sales volume of SMEs in Batam City.

Metode Penelitian

This study adopts a qualitative research method and adopts a triangular model that combines structured interview methods, in-depth interviews and SME observations. In theory, the form of qualitative research is different from the form of quantitative research. The difference lies in the difficulty of qualitative research design, because in general qualitative research does not have a pattern.

According to Bogdan and Taylor (1975), quoted in Molong (2007:4), qualitative methods are research procedures that produce descriptive data in the form of written or spoken language about people and observable behavior. David Williams (1995), cited by Moleong (2007: 5), further explains that qualitative research is data collection using natural methods in natural settings and by researchers with natural interests.

Qualitative research aims to get a complete picture of something from the point of view of the person being studied. Qualitative research deals with the thoughts, perceptions, opinions or beliefs of the people being studied, all of which cannot be measured numerically.

This research is qualitative in nature, so it does not use terms such as population and sample, but social situations and informants (Rizqi, Parmin, & Nurhayati, 2013). Respondents in this study are active micro and small businesses in Batam City who use information technology, either using social media such as Facebook, Instagram, Twitter, YouTube, etc., then using chat platforms such as WhatsApp, BlackBerry Messenger (BBM) and Baris or Segment. UMK uses personal website media and marketplaces such as Bukalapak, Tokopedia, Shopee, etc. The study uses primary data obtained through structured interviews, in-depth interviews and observations, as well as secondary data from the PMP-KUMK office regarding the number of active MSEs in Batam.

The sampling technique that the researchers used was purposeful sampling. Purposeful sampling is a sampling technique with certain considerations (Ngode, Widodo, & Setyawan, 2015).

Results and Discussions

Based on the findings obtained through in-depth interviews and observations with informants from UMK, Batam. Technological developments make micro and small businesses need to adapt, especially in the marketing process. Facilitating micro and small businesses to reach and interact with consumers directly through digital marketing by utilizing social media, social chat, marketplaces and other platforms.

The 12 SMEs who became informants in this study consisted of various industry categories including the food and beverage, fashion, retail and creative industries. These MSEs stated that the use of technology made them feel helped, especially now that all consumers are active on social media, and today's consumers are more likely to choose online shopping.

All MSEs use social media as a means to inform and interact with consumers, only 7 out of 12 MSEs use social chat to interact and inform customers, 4 UMK use marketplaces such as shopee, tokopedia and lazada among other platforms, such as product availability on the market. Go-Food and UKM applications use YouTube as a publicity medium.

Some MSMEs use social media to inform and communicate with consumers, social media that is often used includes Facebook, Instagram and YouTube, there are several platforms that are very effective in informing all products and interacting directly with consumers, even for some SMEs For small businesses using YouTube also effective in providing trust and building a good image among consumers.

Social chat that is often used by SMEs is Whatsapp and Line. Apart from the simplicity and ease of use of these two platforms which are often used by consumers, SMEs can also create a special group to send product catalogs to their loyal customers. Several MSME actors collaborate with marketplaces to sell their products throughout Indonesia, in this case several consumers take advantage of the large marketplace platforms in Indonesia, namely Shopee and Tokopedia, these marketplaces provide security to MSME participants in Indonesia. Payment terms, because these markets move money. They pay consumers when their products reach consumers. Another platform that is currently widely used is the addition of online motorcycle taxi applications, one of which is Jek, where delivery and takeaway orders can be delivered via Go-Food, so that MSMEs feel the assistance of the application program. Several MSMEs reported that their sales increased after joining Go-Food.

Some small and micro businesses update information on social media and other platforms simultaneously, namely 67% update once a day, while other small and micro businesses usually update product information hourly and weekly. More and more small and micro businesses are updating their product information, this will encourage consumers to buy their products (Yang & Zhang, 2020). What's more, what Warung Putra Siregar does, this UMK releases its products almost every hour, because Warung Putra Siregar's consumers don't only come from the Batam area but also from all over Indonesia. They send hundreds of cell phones every day, not only from ordinary consumers who buy several national celebrities, they also buy from the Putra Siregar Phone Shop (Sukrisna, 2019).

The results obtained from interviewing informants at UMK in Batam City according to the 4C approach which consists of cost, customer, convenience and communication. SMEs agree that digital marketing helps them promote and market their products effectively. Respondents think that digital marketing allows them to save on promotion costs, because currently they still rely on online marketing, such as distributing

flyers, placing advertisements in newspapers, and placing advertisements on billboards. If they use offline marketing, their expenses will be greater. This is also corroborated by previous research which states that internet marketing increases market reach, reduces marketing costs and improves good relations with customers (Hashem et al., 2015). However, some MSEs do not maximize digital marketing because of the influence of misconceptions about using digital marketing such as making company websites, maximizing search engine optimization (SEO), and using Google AdSense as a promotional medium (Taiminen & Karjaluo, 2015).

Several respondents agreed that digital marketing can save costs, increase engagement with customers and provide convenience (Akter & Sultana, 2020). As MSEs need to pay attention to the marketing process that is used effectively at this time. Some of the things that informants do are update information through social media, websites, marketplaces, special customer groups, etc (Febriyantoro & Arisandi, 2019). They update information on average once a day to retain existing customers and attract new customers to buy their products (Hagiu & Wright, 2020). With the internet they can save on promotion costs because when using social media they only need internet quota, while those who have a special budget for digital advertising can use Google AdSense, Facebook Ads, Instagram Ads, etc.

Several consumers reported increased sales through digital promotions, driven by the convenience of consumers in accessing company information and ordering products (Lee & Lee, 2020). This is also supported by research by Selitto (2004) that using internet marketing can increase sales even in very remote locations (Febriyantoro & Arisandi, 2019). Several respondents agreed that digital marketing increased their sales from 30% to 100% because it increased consumer reach and made it easier for consumers to access products offered on social media, websites and other information platforms.

As shown in the table above, MSME sales have increased because it is easy for consumers to interact directly with sellers and it is easy for consumers to get all information ranging from product prices, menus, promotions, etc. Some MSME actors partner with marketplaces such as Shopee and Tokopedia so that consumers from all over Indonesia can buy products in Batam, and MSME players in the food and beverage category partner with Go Food so consumers don't have to go straight to the store. Consumers can make purchases through the application. The Go-Jek driver will deliver the order to the buyer's house (Lusiana, Harun, Fauziah, & Abdillah, 2022).

Conclusions

All MSME participants indicated that the use of digital marketing helped them inform and engage directly with consumers. According to MSME actors, the use of digital marketing has expanded market share and increased consumer awareness, because MSME participants routinely update product information every day and increase sales, because some MSEs also partner with several marketplaces such as Shopee and Tokopedia, MSME participants are then given service categories in food. And Beverages is collaborating with the Go-Food application to make it easier for consumers to buy their products. Holistic network marketing is a new approach in the marketing world to save costs, increase customer loyalty and place orders systematically. Internet marketing significantly manages customer information and relationships.

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