

The Application of Digital Marketing for UKM in Facing the Covid-19 Pandemic

Hetty Meileni^{1,*} Sony Oktapriandi¹ Desi Apriyanti¹

¹ *Informatic Management Department, Politeknik Negeri Sriwijaya*

*Corresponding author. Email: hmeileni@gmail.com

ABSTRACT

The Covid-19 pandemic has changed many things, in one country and in an economic area that has declined or even collapsed. Social restrictions imposed in an area have decreased the level of sales for UKM. Work From Home (WFH) is one of the factors that cause consumers not to want to make purchases offline. Large-scale Social Restrictions (PSBB) caused almost all shops to close, this greatly affected product sales for UKM players. Responding to this, UKM is trying hard to find ways to increase sales, one solution that can be done is to apply digital marketing so that they can continue to market products. The application of digital marketing can be done in various ways, including implementing web applications like e-commerce, social media, and selling through the marketplace. A very significant problem is that UKM is not ready to take advantage of digital marketing technology when the Covid-19 pandemic occurs so that marketing is not socialized and there is no online sales application which results in decreased income. This study aims to provide solutions in the application of digital marketing for UKM.

Keywords: *digital marketing, applicatio, UKM*

1. INTRODUCTION

Currently, UKM in Indonesia are experiencing very rapid development, every year Indonesian UKM experience very significant growth. The population of productive age is more than the number of available jobs. This triggers especially the youth to create their opportunities by opening a business. Most of them are classified as business actors in the Micro, Small to Medium-Sized Business (UKM) industrial sector. The role of UKM in the economy is very helpful in fixing economic problems. UKM is a means of alleviating small communities from poverty. Currently, the Covid-19 pandemic is hitting all levels of entrepreneurs, including UKM. There are many UKM no longer get income due to stopping sales. The impact of large-scale social restrictions (PSBB) is one of the factors in the decline in sales of UKM products. If it is not addressed with a good marketing strategy, many UKM cannot compete with conventional private-owned shops. The economic crisis experienced by UKM has also become a major threat to the national economy, considering that UKM is the driving force of the

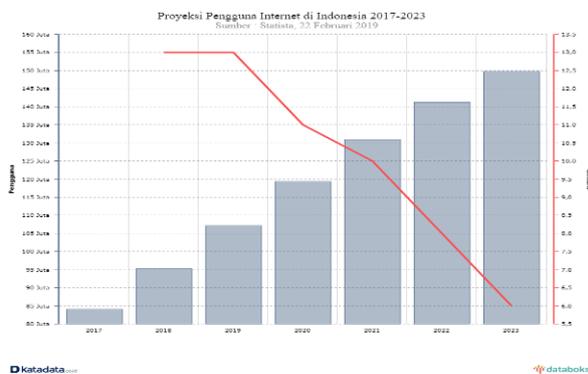
domestic economy and the largest employer of labor in the last few decades.

The Rapid Assessment Survey of the Impact of the COVID-19 Pandemic on the Performance of Indonesian UKM was conducted online from 1 - 20 May 2020 by the Indonesian Institute of Sciences (LIPI) and involved 679 valid respondents with the main livelihood as business actors.

This survey captured the respondents of micro business actors 54.98%, ultra-micro 33.02%, small business actors 8.1%, and medium business actors 3.89%; with a business length of 0-5 years (55.2%), 6-10 years (24%) and more than 10 years (20.8%). Most of the businesses aged 0-5 years are on the ultra-micro scale (58.36%) and the micro-scale (58.33%). Also, there are variations in the sales methods used by business actors, namely door-to-door 41%, physical stores 34%, through agents/resellers 32%, through market places 15%, and online sales through social media 54%. Survey data shows that during the pandemic, 94.69% of businesses experienced a decline in sales. Based on a business scale, 49.01% of ultra-micro businesses

experienced a decline in sales, 43.3% of micro-businesses, 40% of small businesses, and 45.83% of medium enterprises. Based on the length of business, 23.27% of businesses aged 0-5 years experienced a decline in sales, 10.9% of businesses aged 6-10 years, and 8.84% of businesses that had been running for more than 10 years. Based on the sales method, a decrease in sales of more than 75% was experienced by 47.44% of offline/physical sales businesses, 40.17% of online sales businesses, and 39.41% of businesses with offline as well as online sales methods [1].

To increase sales of UKM products, the government encourages online platforms. The National Movement which promotes online sales is a movement that supports Indonesia's economic vision for 2020. We cannot avoid the digital era, UKM must be able to adapt to current technological developments. 2019 statistical data shows that internet users in Indonesia in 2018 were 95.2 million, growing 13.3% from 2017, which was 84 million users. In the following years, internet users in Indonesia will continue to increase with an average growth of 10.2% in the 2018-2023 period. In 2019, the number of internet users in Indonesia is projected to grow by 12.6% compared to 2018, which is 107.2 million users. Figure 1 below shows a graph of internet users starting in 2017 and is predicted to continue to increase until 2023.



Source: <https://databoks.katadata.co.id/datapublish/2019/09/09/berapa-pengguna-internet-di-indonesia#>

Figure 1. Graph of Internet Users in Indonesia 2017-2023

In Figure 1, it is explained that in 2023, the number of internet users in Indonesia is projected to reach 150 million users. Statistics also state that popular online activities in Indonesia are social media and mobile messaging. The social network that is most widely used is Facebook with several users reaching 48% of the population.

The Covid-19 pandemic made the government impose an obligation to limit physical activity starting in March 2020. Based on data compiled by the Central Statistics Agency (BPS), online sales during this pandemic jumped sharply when compared to sales in January 2020. In the month of March 2020, online sales jumped 320% of total online sales at the beginning of the year. The sharp increase occurred, online sales in April 2020 recorded an increase of 480% from January 2020. In March 2020, the highest sales were in food and beverages, increasing 570% from January 2020.

Based on the description above, implementing digital marketing is an important strategy needed in today's business. Digital marketing is a way to market products through digital. Based on the above background, the authors are interested in how to apply digital marketing to UKM through various existing digital media. With this digital marketing, it is hoped that it can increase UKM sales and at the same time improve the regional economy.

2. RESEARCH METHODS

The method used is grounded theory qualitative research, in which researchers conduct research that focuses on summary events, individual or collective actions or activities that develop over time. Qualitative research with grounded theory approaches is conceptual in nature that produces theories of inductive thinking from research data about a phenomenon. Figure 2 below shows the stages carried out in the qualitative research method.

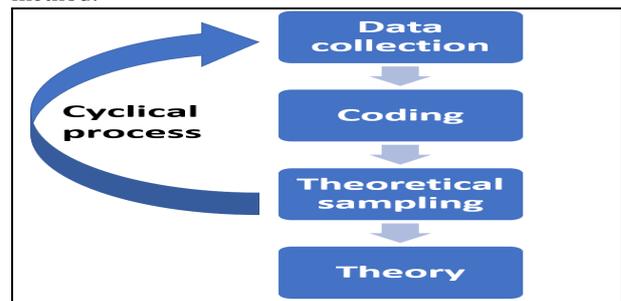


Figure 2. Stages of Qualitative Data Research

In Figure 2, it is explained that the first stage carried out is data collection, data collection is carried out by looking for some data related to the research carried out, by analyzing the data and determining the needs to be made. Furthermore, coding, coding is done by compiling data into several data analysis methods so that valid data is obtained to support the research carried out, the third stage is taking samples from the data that has been collected and analyzed to draw a conclusion,

conclusions are made by applying the theory in data processing approach.

Figure 3 explains the stages carried out in the grounded theory method, i.e. [1]:

a. Formulating Research Problems

The formulation of problems in grounded research is carried out in stages, namely at the initial stage or before the data collection, the problem formulation is presented in an outline which serves as a guide in collecting data, then general data is collected, after which the problem formulation is narrowed down and focused according to the nature of the data collected. This second problem formulation is used by researchers as a guide in developing theories. So that we can know that in formulating problems in grounded research is carried out not only once. At this stage, the researcher examines the problems that occur with the sale of UKM products.

b. Perform data filtering

The data in grounded research is extracted from various ongoing phenomena or behaviours that are used to see the process and to capture things that are causality/cause and effect. From the existing problems, the author clusters the UKM product category to see the most opportunities in making sales.

c. Data analysis

The stages of data analysis were (a) open coding, the researcher formed several initial categories of information about the phenomenon under study by sorting the data into relevant types; (b) axial coding, the researcher chooses one category and positions it as the core of the phenomenon being studied; (c) selective coding, researchers write theories of various relationships from all categories in the previous axial coding stage.

d. Theorizing

The theory-building process includes an analysis of the relationships that occur in all previously discovered categories. Theory can be written in narrative form which describes the interrelationship of all categories.

e. Validate theory

This validation process is carried out after the theory has been formulated, by comparing it with similar processes in previous research.

f. Writing research reports

The structure of the report is grounded research depends on the design used. If the design used is a systematic approach, the research report is relatively similar to the structure of a quantitative research report, which includes sections on problem formulation, research methods, analysis and discussion, and research results. If the design used

is an emerging or constructivist approach, the structure of the research report is flexible.

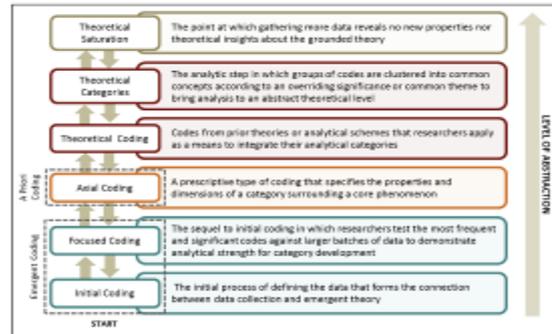


Figure 3. Stages of the grounded theory method

2.1 Digital Marketing

Digital marketing is a promotional activity and market search through online digital media by utilizing various means such as social networking. Digital marketing makes it easy for business people to monitor and provide all the needs and desires of the prospective consumer, on the other hand, a potential consumer can also search for and get product information simply by exploring the virtual world to simplify the search process [2]. Digital marketing can reach all people wherever they are without geographic or time constraints [3].

2.2 E-Commerce

The use of the internet allows Small to Medium Sized Business to do marketing with the aim of the global market so that the opportunity to penetrate exports is very possible. The implementation of e-commerce must also be supported by the existence of a payment system and the fulfillment of orders from buyers, which is a portal containing content from the company. The means needed to build these things are categorized into infrastructure (generally consisting of systems that integrate interconnected parts, hosting, security issues, wireless networks, networks), e-process (generally payment and logistics problems), e-market (generally marketing and advertising issues), e-communities (audience issues and business partners), e-service (Customer Relationship Management, Partnership Relationship Management, and other services), e-content (supported by content provider operators). All of these forms must exist to support the activities of e-commerce [4].

Social media has pretty good potential, very good/good potential, very large potential / very potential, very potential / promising in supporting

UKM. The potential will continue to increase in the future. Social media has good potential to accelerate marketing information, testimonials, and input from consumers, strengthen relationships with consumers, and help reach all people [5].

The E-marketplace is an inter-organizational information system where buyers and sellers in the market communicate information about prices, products and can complete transactions through electronic communication channels. Through the internet, the sellers are facilitated in carrying out promotions and marketing their products in a wider range [6].

Shopee is an online-based shopping platform that provides a wide variety of sales products ranging from electronics, household goods, clothing, accessories to fashion. Apart from providing various kinds of products, another advantage from Shopee is that buyers can return goods or funds if the goods received are not what they want. Users can also find items easily in the search field by simply entering an image of the item being searched for. Shopee also provides a free shipping feature for shipping goods. By ranking fourth in the category of e-commerce search that is most interested in users in the Top 40 e-commerce with a total of 34,510,800 visitors each month [7].

3. RESULT AND DISCUSSION

In accordance with the purpose of this research is the development of digital marketing products, which are connected between the website and social media, so that buyers can easily transact online. The applications of digital marketing include:

a. Digital Marketing Through E-Commerce

Figure 4 shows digital marketing that is done using a web-based sales application or often known as e-commerce.



Figure 4. E-commerce of UKM

In the e-commerce application, UKM can create their UKM shops and can do product marketing. With the existence of this e-commerce application,

it can make it easier for people to transact online to purchase UKM products.

b. Digital marketing through social media

One of the strengths of digital marketing is the use of promotion from social media. The alternatives that can be chosen include Instagram. The Instagram account that has been created includes information on e-commerce links. The application of digital marketing using the Instagram application can be seen in Figure 5.



Figure 5. Digital Marketing On Instagram

c. Digital marketing with chat services

Digital marketing through chat applications (Fast Response) is one way to provide faster service to buyers. The Chat application can be used as a fast response service. One of the chat applications that can be used is WhatsApp, which can be seen in Figure 6 below.



Figure 6. WhatsApp application

d. Digital Marketing through Shopee

In addition to using Instagram, UKM can market their products through the Shopee application by first registering their shop accounts.

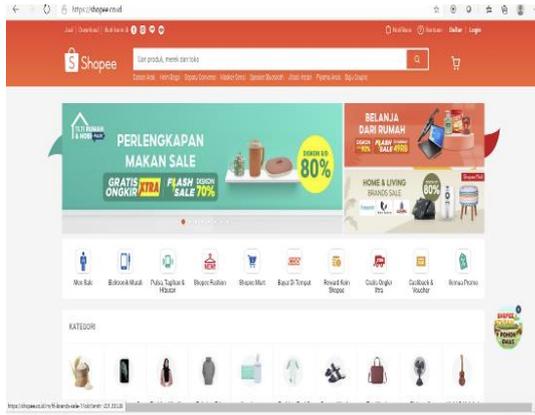


Figure 7. Shopee Application

In figure 7 the Shopee application displays various features, UKM players can register their shop through this Shopee application. With the increasing number of shops opening virtually, it is hoped that the socialization media for UKM products will spread quickly, this will automatically increase the sales of UKM player.

e. Facebook Digital Marketing

Facebook marketing is a forum for marketing activities using all the facilities provided by Facebook with the aim of increasing sales and forging longer and more familiar communication with customers (customer relationships). Apart from personal accounts or profiles, Facebook also issues a Facebook fan page that provides various information according to the owner's wishes, ranging from companies, education, services, physical products, artists, communities, and many other features. This feature is more directed to the business field. The goal is to provide open information to the public. Besides, Facebook also provides all your advertising needs using Facebook Ads. Figure 8 shows the Facebook account creation page.

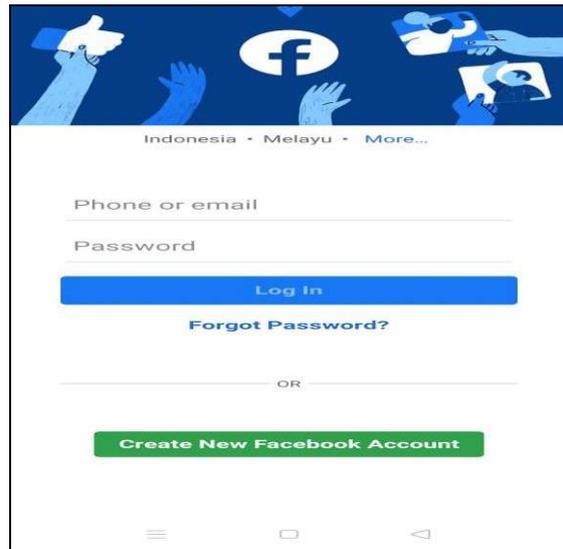


Figure 8. Facebook Start Page

4. CONCLUSION

The digital marketing products proposed as alternative solutions offered to partners are classified as simple and user friendly, this is to make it easier for UKM to use digital marketing that was built considering that UKM human resources are classified as technologically illiterate (clueless). And if UKM continues to use digital marketing products that are built in a sustainable manner, of course, it will increase partner knowledge about digital marketing technology and will have an effect on increasing the marketing range of partner products to become wider so that sales will increase, and have an impact on higher profits.

REFERENCES

- [1] Ms. Cassandra Groen., Dr. Denise Rutledge Simmons P.E., Dr. Lisa D. McNair. An Introduction to Grounded Theory : Choosing and Implementing an Emergent Method. Virginia Polytechnic Institute and State University.
- [2] N. P. D. Puspitasari, A. D. Nabilla, R. Bahari, N. Damar, and Mustika. Application of Digital Marketing Technology to Improve Marketing Strategy for Snack Tiwul. JSAI, Volume 2 Number 2, June 2019 ISSN: 2614-3062; E-ISSN: 2614-3054.
- [3] P. Dedi. Utilization of Digital Marketing for Micro, Small to Medium Sized Business (UKM) in Malaka Sari Duren Sawit Village. Jakarta : State University of Jakarta.

- [4] Julisar & Miranda Eka. Use of E-commerce for Small to Medium Sized Business to Increase Competitiveness. Jakarta: Binus University.
- [5] Rahmadi. Freemium Development for Tell-Us Application (Telkom University Store) Using Incremental Iterative Methods and Laravel Framework. Bandung: Telkom University.
- [6] Meidita and Yusrini. The effect of Service Quality on Customer Satisfaction, Trust and Loyalty in E-Commerce (Case Study: Shopee). Malang: Brawijaya University.