

# Utilization of E-Commerce to Increase the Selling Value of MSMEs in Sumbawa Regency during the Covid-19 Pandemic

Elly Karmeli  
*Ekonomik*

*Universitas Samawa*

Sumbawa Besar, Indonesia

ellykarmeli@universitas-samawa.ac.id

Marisa Sutanty  
*Ekonomik*

*Universitas Samawa*

Sumbawa Besar, Indonesia

marisasutanty@universitas-samawa.ac.id

K Kurniawansyah  
*Management*

*Universitas Samawa*

Sumbawa Besar, Indonesia

kurniawansyah@universitas-samawa.ac.id

Razy Apriansyah Mustaram  
*Management*

*Universitas Samawa*

Sumbawa Besar, Indonesia

razyapriansyahmustaram@universitas-samawa.ac.id

U Usman\*  
*Ekonomik*

*Universitas Samawa*

Sumbawa Besar, Indonesia

usman@universitas-samawa.ac.id

**Abstract**—This research is field research that aimed to determine the effect of e-commerce on the selling value of study MSMEs on 100 creative economy-based MSMEs in Sumbawa Regency. The samples were determined using the accidental sampling technique. The data used are quantitative in the form of respondents' perceptions of e-commerce and the selling value of MSMEs which were collected directly by researchers from the source using a research instrument in the form of a questionnaire measured using a Likert scale in 5-point intervals. The data that has been collected will be analyzed using a simple linear regression analysis method and statistical t-test. The results of this study indicated that e-commerce has a positive effect on the selling value of MSMEs in Sumbawa Regency. The ability of e-commerce in explaining variations in the change in the selling value of MSMEs in Sumbawa Regency is 40.7%, while the remaining 59.3% is influenced by other variables outside of this study.

**Keywords:** *E-Commerce, Selling Value, MSMEs, Covid-19.*

## I. INTRODUCTION

The emergence of the Covid-19 pandemic has hit almost all over the world resulting in several parts of people's lives experiencing obstacles. The rapid and massive transmission of the Coronavirus has forced the Indonesian government to implement large-scale social restrictions (PSBB). This policy has an impact on various business and economic activities. The economy is in shock both individually, households, macro, and micro companies, and even the economies of countries in the world [1].

Micro and medium enterprises (MSMEs) are the sectors most affected by the Covid-19 pandemic. MSME actors bear the heaviest burden because they are at the lowest level. Declining purchasing power due to mass layoffs and business closures. In just a matter of weeks, the Covid-19 pandemic hit has resulted in a crisis that has made it difficult

for business actors to survive, let alone develop their businesses.

Sumbawa Regency is one of the areas that has felt the impact of the Covid-19 pandemic, recording that there are hundreds of MSMEs that have stopped their operations due to Covid-19. The types of businesses affected by the Covid-19 pandemic, including the handicraft sector, totaling 277 business units, mask industry with 54 business units, and the food, culinary, restaurant sector, a total of 266 business units. Most of these business actors quit because there was no demand, while some other business actors chose to reduce their production volume due to the low level of demand [2].

The Ministry of Cooperatives and SMEs provides an overview of the conditions experienced by KUMKM at this time, namely, first, sales/demand has decreased; second, raw materials are difficult; third, distribution/operation is hampered; fourth, capital; fifth, production is hampered. Based on the five clusters, KUMKM experienced the most dominant decline in sales/demand problems, with a percentage of more than 60 percent [3].

In current conditions, it requires every actor to update their sales system to remain competitive. One of the ways to make it happen is online marketing through social media. In a very narrow space for movement due to physical, social distancing, and work from home policies, marketing through electronic media is the right strategy because it has a very wide marketing reach even though producers and consumers do not meet directly in one place [4].

One of the strategies that can be implemented by MSMEs to be able to survive during the Covid-19 pandemic is to change the sales model from conventional to online or e-commerce. This is because during this pandemic consumers rely more on marketing media that facilitate the shopping process without physical contact.

Business actors, especially MSMEs, are required to be able to adapt because of several changes in shopping culture starting from communication, distribution, and purchasing of marketing products. Therefore, MSME business actors must pay close attention to how they carry out marketing

communications, especially in the use of the right marketing media so that consumers remain on the standards of awareness, interest, desire, and action.

Currently, social media has a very important role in the economic world, especially in terms of marketing or e-commerce. Social media plays a role as a medium of information and communication between business actors and buyers, besides social media has the potential to find consumers and build an image about a product's brand.

The term e-commerce according to Rahmat uses the internet as a sales/advertising medium in the context of B2B (business to business) and B2C (business to consumer) and facilitates communication in supply chain management [5]. Meanwhile, another view states that e-commerce is an activity of buying, selling, transferring, or exchanging products, services, or information using a computer via the Internet [6].

According to Kotler, online marketing is a company performance system that focuses on selling goods, services, or promotions that use the internet as a support for the system [7]. Online marketing here is better known as e-commerce which uses internet media as a transaction activity so that shopping becomes easy and efficient. One of the advantages of online marketing here is that the marketing system is easier and more efficient.

Suswanto and Setiawati stated that online marketing through electronic media or what is known as e-commerce or electronic commerce is the right step that business actors must take [8]. During this pandemic, business actors are required to switch marketing, promotion, and transaction strategies from conventional to digital, because people continue to use social media and TV so that they have the opportunity to reach a wider audience.

Currently, the role of information technology is influential in the world of the economy, especially in terms of sales. A large number of internet users allows for even greater business opportunities. This is because, with the internet, the seller can communicate with consumers anywhere and anytime, simply by using their mobile and internet devices.

## II. METHOD

This research is field research, namely research that describes and describes the situation and phenomena more clearly about the situation that occurs. This research can also be said to be sociological research, which is careful research conducted by going directly to the field [9]. This study aims to determine the effect of e-commerce on the selling value of study MSMEs on 100 creative economy-based MSMEs in Sumbawa Regency. The samples were determined using the accidental sampling technique. The data used in this research is quantitative in the form of respondents' perceptions of e-commerce and the selling value of MSMEs. E-commerce in this study is defined as the activity of buying, selling, transferring, or exchanging products, services, or information using computers via the Internet. E-commerce is measured through 4 indicators [10], namely: (1) Incentive Program, is an attractive program that is an advantage in every promotion carried out which is expected to provide more value to the company; (2) Site Design, is an attractive appearance in a digital marketing media that can provide positive value for

the company; (3) Cost, namely the level of efficiency in terms of costs and transaction time on the use of a promotional technique; and (4) Interactive, is a relationship between producers and consumers who can provide information that can be received properly and clearly.

The selling value of MSMEs in this study is a measure of achievement obtained by creative economy-based MSMEs in the Sumbawa Regency from the overall marketing activity process. The selling value of MSMEs is measured using 3 indicators [11], which are measured, namely: (1) Income growth; (2) Sales volume growth; and (3) Customer growth.

Pengumpulan data menggunakan instrumen penelitian berupa kuisioner menggunakan 5 point Likert scale:

- Answers are given a score of 5 Categories for the answer are: Strongly Agree (SS)
- Answers are given a score of 4 Categories for the answer are: Agree (S)
- Answers are given a score of 3 Categories for the answer are: Less Agree (KS)
- Answers are given a score of 2 categories are: Disagree (TS)
- Answers were given a score of 1 Category is: Strongly Disagree (STS).

The data that had been collected were processed using SPSS software version 16. Data analysis was performed using simple linear regression analysis techniques, a statistical t-test, and the coefficient of determination (R<sup>2</sup>) test.

## III. RESULT AND DISCUSSION

### A. Simple Linear Regression Analysis

Simple linear regression analysis is used to determine the direction of the relationship between the independent variables, namely e-commerce to the dependent variable, the selling value of MSMEs. The data that has been collected is processed using SPSS 16 software.

Based on the SPSS output, the test results obtained the following regression equation:

$$Y = a + \beta X + e = 1.869 + 1.324 + e$$

The equation above can be explained as follows:

- $\alpha = 1.869$ , This means that when e-commerce is 0 or constant, the total selling value of MSMEs is 1,869.
- $\beta = 1,326$ , a positive value indicates a unidirectional relationship, meaning that if there is an increase in e-commerce by 1 unit, there will be an increase in the selling value of MSMEs as much as 1,326.

### B. Statistical T-Test

The statistical t-test aims to determine whether the independent variable (X) affects the dependent variable (Y). The indicator used as the basis for making decisions whether there is an effect or not is by comparing the t-count value shown in the Coefficients table to the t table. The criteria are if the value of t-count > t-table, then there is an influence of

variable X on variable Y, but if the value of  $t\text{-count} < t\text{-table}$ , then there is no effect of variable X on Y.

Based on the SPSS output of the test results, it is known that the  $t\text{-count}$  value of the independent variable (X) is 8,197, and the  $t\text{-table}$  value at degrees of freedom (df) = 98 and the sig level. 5% is 1.984, so the  $t\text{-count}$  value is greater than the  $t\text{-table}$  value ( $8.197 > 1.984$ ). Thus it can be concluded that e-commerce has an effect on the selling value of MSMEs in Sumbawa Regency.

### C. Determination Coefficient Test

The coefficient of determination is used to measure the best accuracy of multiple linear regression analysis. If the R Square value obtained in the Model Summary table is close to 1 (one), it can be said that the stronger the ability of the independent variables in the model to explain the dependent variable. On the other hand, if the value of R Square is close to 0 (zero), the weaker the ability of the independent variables to explain the dependent variable.

The following is the SPSS output of the test results, it is known that the R Square of the test results is 0.407. This implies that the ability of e-commerce in explaining the variation of changes in the selling value of MSMEs in Sumbawa Regency is 40.7%, while the remaining 59.3% is influenced by other variables outside of this study.

The business competition that is getting tighter in the current era of globalization must be addressed by business people or businesses by implementing strategic steps for the continuity of their business. Experts agree that the right business strategy to market products during the Covid-19 pandemic is through electronic media or e-commerce.

Online marketing or e-commerce strategies must be implemented optimally, because in the already very narrow space for movement due to physical and social distancing policies and increasingly rapid technological developments and entering the era of the industrial revolution 4.0, the opportunity to carry out this online marketing strategy is increasingly wide open.

Awali and Rohmah stated that the implementation of online marketing for MSME entrepreneurs to market some of their products had a positive impact even though during the Covid-19 pandemic by continuing to carry out social distancing [12]. Optimizing online marketing during a pandemic can provide solutions to all sectors of the economy because it can make jobs easier. With this online marketing system, production demand will continue without being hindered by Covid-19.

In general, the presence of e-commerce is one of the effective solutions for entrepreneurs, especially MSMEs, to penetrate the global market which will increase business competitiveness, so that it will have an impact on operational and financial performance. Companies that will win the market competition in today's era are companies that can implement technology into their marketing.

Some many advantages and benefits that can be enjoyed with e-commerce. For MSMEs, the application of e-commerce can improve the quality of customer service. Customers no longer have to go to business outlets and queue just to get the product they want. They can make transactions where and whenever they want. In addition, MSMEs can also reduce promotional costs through

advertising applications or market places to efficiently present various sales promotion programs with a wide reach of potential consumers without any time and place limits. so that e-commerce is present to be an effective marketing strategy.

According to Burdonaba [13], the intensive use of e-commerce technology can increase competitiveness and increase the efficiency of the value chain for the company. E-commerce offers various kinds of opportunities for MSMEs without having to spend more to improve work efficiency, both labor efficiency and time efficiency.

The results of this study indicate that e-commerce has a positive effect on the selling value of MSMEs in Sumbawa Regency. This means that if there is an increase in e-commerce, the selling value of MSMEs in Sumbawa Regency will also increase, but on the other hand, if there is a decrease in e-commerce, the selling value of MSMEs in Sumbawa Regency will also decrease.

The results of this study are in line with the research findings of Sidi and Yogatama that digital marketing has a positive and significant effect on marketing performance [11]. Online marketing strategy is a very effective marketing strategy because the existence of this online marketing system facilitates access and communication between sellers and customers and is more efficient in time and place.

## IV. CONCLUSION

Based on the results of the research and discussion that has been presented, it can be concluded that e-commerce has a positive effect on the selling value of MSMEs in the Sumbawa Regency. This means that if there is an increase in e-commerce, the selling value of MSMEs in Sumbawa Regency will also increase, and vice versa. The ability of e-commerce in explaining variations in the change in the selling value of MSMEs in Sumbawa Regency is 40.7%, while the remaining 59.3% is influenced by other variables outside of this study.

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