The Effect of Social Media, Packaging, and Product Quality on MSME Sales Performance

Bella Febrianti[1], Kussudyarsana Kussudyarsana [*2], Muhammad Halim Maimun[3]

[1-3] *Faculty of Economics and Business, Universitas Muhammadiyah Surakarta*

[*]*Corresponding author. E-mail:* Kussudyarsana@ums.ac.id

ABSTRACT

This research aims to analyze the effect of the use of social media, the effect of packaging, and the effect of product quality on sales performance. Quantitative method is a method used in this research. The population in this study is MSMEs in the Soloraya area. The sampling technique used purposive sampling which is used to determine the research sample with certain criteria or considerations. This study uses primary data in its preparation. Data obtained through respondents' answers using a closed questionnaire. The questionnaire was made using a Likert scale format. Partial Least Square (PLS) using SMARTPLS software is a data analysis technique which is used in this research. The results of this study are: (1) Social media has a positive and significant effect on sales performance; (2) Packaging has a positive and significant impact on sales performance; and (3) Product quality has no positive and insignificant effect on sales performance.

Keywords: Social Media, Packaging, Product Quality, Sales Performance, SMEs

1. BACKGROUND

MSMEs have a real contribution to the Indonesian economy. MSMEs provide jobs, reduce unemployment and poverty [1]. Development is in terms of creating direct employment opportunities in the form of independent work, micro-enterprises, or small businesses [2]. Even further, Small and Medium Enterprises (SMEs) in creating jobs and becoming pioneers in the world of innovation and high flexibility to help meet the needs of the community [3].

Promotion is one of the marketing method that must be done by business actors to increase their sales. One of the marketing method that is often used is direct marketing. According to the Direct Marketing Association, direct marketing is an interactive marketing system that uses one or more media to generate measurable responses or transactions at a location [4].

The development of the digital world, technology, and the internet is very fast so that it greatly affects MSMEs in the marketing field. The effectiveness of the marketing strategy is higher, because prospective customers can transact via the internet and various kinds of information about services or a product which can be obtained [5].

Not only MSME business growth is helped by the existence of social media, but also as a consumer, media is to make him or her easier to service, access new products, and new MSMEs [6]. Making decisions by making product/market comparisons is also facilitated by the presence of social media [7]. It has been noted that increasing business income and productivity is the impact of effective use of social media, not only that social media also acts as a bridge between the consumer community and MSMEs [8].

Social media is always used by MSME business actors to promote their business by making video advertisements about products as attractive as possible and showing products from packaging, product quality, product advantages, taste, how to use, and etc. The video was uploaded through social media accounts such as Instagram, Facebook, WA, Twitter, and what is currently viral, via TikTok. Thus there will be many people (consumers) who know about the product. So that, it can attract consumer's buying interest. The number of consumers who buy products improves the performance of sales decisions [7].

A lot of previous research on packaging has been done, Researchers found that in general, packaging design significantly affects the quality of explicit attribute information (ie, price or brand) when this information is visible [9]. But according to [10] packaging has no positive and insignificant effect, because the company chooses to focus on product quality compared to packaging. From some of these

descriptions, it is necessary to conduct research related to packaging, and to add independent variables, namely social media and product quality to MSME resilience because there are not many researchsthat done researchs about it.

This study aims are to analyze and discuss the influence of the use social media on sales performance, the effect of packaging on sales performance, and the effect of product quality on sales performance.

2. THEORETICAL BASIS

Selling is the science and art of personal influence carried out by the seller, to invite others to be willing to buy the goods or services offered. The value of sales performance will increase if the use of digital marketing is further increased in MSMEs. By using online facilities in terms of marketing, promotion, and transactions, it will increase the sales value of MSME products. Social media is a marketing strategy carried out by MSMEs today. By using a social media, it will improve sales performance to be better. And sales performance will bring huge profits if it is done well. Just like the research conducted by [11].

Based on the explanation above, the researcher formulates the hypothesis, namely:

H_1: Social media has a positive and significant effect on sales performance.

Packaging is a container or wrapper designed and manufactured by a company for a product. Packaging is an important marketing tool, not just as a wrapper. Packaging is a process related to the design and manufacture of containers or wrappers for a product. If business actors pay attention to these functions, the smoothness of product sales can be improved [3].

Well-designed packaging is able to create its own value for consumers as well as promotional meaning for producers. Packaging is not only a wrapper for the product, but it is more than that. It is an identity to differentiate the products produced from other companies. An identity in a product will be able to improve sales performance because someone will always remember a product from the label and he or she can even recommend it to others through the packaging where the product label is attached [12].

Based on the explanation above, the researcher formulates the hypothesis, namely:

H_2 : Packaging has a positive and significant effect on sales performance.

Product quality that does not match the market is a problem faced by MSMEs. In addition, the lack of market orientation to introduce and understand consumer desires, see competitors both from within and outside the country, and regulations imposed by the government and targets that must be targeted makes MSME incomes declined. The above problems have an impact on sales performance. Because a good sales performance is able to make companies in this case MSMEs being survive in market conditions that move quickly. So, to be able to maintain sales performance in tight competition, efforts are needed in the form of good product quality, dare to take risks and be aggressive [13].

Based on the explanation above, the researcher formulates the hypothesis, namely:

H_3 : Product quality has a positive and significant effect on sales performance.

3. RESEARCH METHOD

This study uses a sampling technique in the form of purposive sampling, where this technique is used to determine research samples with certain considerations or criteria which have the aim that the data obtained are representative data [14]. Not all samples have criteria that are in accordance with the author. Then, the sample who is able to become respondents is as follows: MSMEs in the Soloraya area and MSMEs in the fields of fashion, culinary, crafts, and cosmetics. In this Soloraya area, many people have established MSMEs not only from adults, but also many school students have now started businesses. Soloraya is a city with a large population. Soloraya has a strategic location and it is easily accessible to the public. Soloraya is also famous for its tourism and industrial sectors. This causes Soloraya to have the potential to create and build a business.

The sample according is part of the population whose their characteristics are to be studied and are considered to be representative of the entire population. Due to the unknown population, the

calculation is needed to determine the minimum number of sample that is using the Maholtra calculation [15]. According to the calculation the number of samples must be at least four to five times larger than the number of questions. This study will take a sample of 100 respondents.

This study uses primary data in its preparation. Data obtained from respondents answers using a closed questionnaire. Primary data refers to information obtained directly from the first hand by the researcher related to the variables of interest for the particular purpose of the study. The closed questionnaire itself has the meaning of a request to the respondent to make a choice among a series of alternatives that have been given by the researcher.

The data collection method used in this research is the distribution of questionnaires. The questionnaire was made using a Likert scale format with a scale that is often used in the preparation of the questionnaire that is the interval scale. The Likert scale is said to be an interval because it uses the statement *Strongly Agree* which has a level or preference that is "higher" than *Agree* and *Agree* is "higher" than *Neutral*. According to Sugiyono in [16] the Likert scale is used to measure how the attitudes, perceptions, and opinions of individuals or groups of people about existing social phenomena.

4. RESULTS AND DISCUSSION

This research focuses on MSMEs in Soloraya. The distribution of the questionnaires was carried out offline and online through the Google Form. From the distribution of the questionnaire, it was obtained 100 respondents with predetermined criteria. The respondent's description is used to identify the characteristics of the respondent which includes to the type of business, address, and social media used.

Characteristics of respondents based on the type of business showed respondents with culinary businesses as many as 55 MSMEs with a percentage of 55%. Respondents with handicraft businesses are as many as 20 SMEs with a percentage of 20%. Respondents with fashion businesses are as many as 20 SMEs with a percentage of 20%. As well as respondents with cosmetic businesses are as many as 5 MSMEs with a percentage of 5%. This shows that respondents with culinary businesses dominated.

Characteristics of respondents based on the type of business showed that respondents from Boyolali were 7 MSMEs with a percentage of 7%. Respondents from Klaten are as many as 34 MSMEs with a percentage of 34%. Respondents from Karanganyar are 6 MSMEs with a percentage of 6%. Respondents from Sragen are as many as 3 MSMEs with a percentage of 3%. Respondents from Sukoharjo are as many as 15 MSMEs with a percentage of 15%. Respondents from Surakarta are 20 SMEs with a percentage of 20%. As well as respondents from Wonogiri are as many as 15 MSMEs with a percentage of 15%. So it can be concluded that the respondent from Klaten dominates.

The characteristics of the respondents based on the social media used show that there are 30 respondents who use WhatsApp social media with a percentage of 30%. Respondents who use Instagram social media are 25 respondents with a percentage of 25%. Respondents who use Facebook social media are as many as 20 respondents with a percentage of 20%. Respondents who use Tiktok social media are as many as 4 respondents with a percentage of 4%. Respondents who use the Website application are 5 respondents with a percentage of 5%. Respondents who use the Shopee application are 10 respondents with a percentage of 10%, and respondents who use other Ecommerce applications are 6 respondents with a percentage of 6%.

The method of data analysis and data processing in this study uses a Structural Equation Modeling (SEM) approach based on Partial Least Square which is assisted by the SmartPLS 3.0 software analysis tool.

a. Outer Model Analysis (Measurement Model Evaluation)

1). Validity test

Based on the results of data processing using SmartPLS which has been presented in table 4.4, it shows that all loading factors have a value above 0.5, which means that all variable indicators are considered valid and meet convergent validity.

Each variable shows an Average Variance Extracted (AVE) > 0.5 with a social media variable value of 0.684, a packaging variable value of 0.690, a product quality variable value of 0.652, and a sales performance variable value of 0.677. This shows that

each variable of this research can be said to be valid with discriminant validity.

2). Reliability Test

Each variable has a composite reliability value> 0.7 with a social media variable value of 0.938, a packaging variable value of 0.899, a product quality variable value of 0.929, and an employee creativity variable value of 0.898. This shows that each variable used in this study can be said to be reliable.

Based on the results, it shows that all the results of Cronbach alpha have a value above 0.60 which means the Cronbach alpha value is valid.

3). Multicollinearity Test

The results of Collinearity Statistics (VIF) is to see the multicollinearity test with the results of social media variables on sales performance of 3,788. Then the value of the packaging variable on sales performance is 2.238. Then the value of the product quality variable on sales performance is 1,058. And for the value of the sales performance variable on MSME resilience is 0.631. Each variable has a cut off value > 0.1 or equal to the VIF value < 5, so it does not violate the multicollinearity test.

b. Inner Model Analysis (Structural Model Evaluation) Model Goodness Test (Goodness of Fit):

1). Value of R-Square (R2)

From the R square test, it was found that the results of the assessment performance had a value of 0.925. It can be seen that the R Square value is 0.925, which means 92.5%. This means that the exogenous latent variables in this study are able to influence the dependent variable of sales performance by 92.5% or in other words the research model is quite strong.

2). Q-Square . Value

The Q-square value > 0 indicates that the model has predictive relevance. On the other hand, if the Q-square value 0 indicates the model lacks predictive relevance. And it was found that the Q-square value was 0.925.

Hypothesis test:

1). Path Coefficient (Direct Effects)

Based on the inner model scheme in this study, it can be explained that the path coefficient in the first

hypothesis tests whether social media has a positive and significant effect on sales performance. The test results show that the t-statistic value is 5.736 and the original sample is positively charged with a p-value of 0.000. From these results obtained t-statistic > 1.96 and p-value e <0.05. So, it can be concluded that the first hypothesis is accepted where there is a positive and significant influence between social media on sales performance. This research is also in line with research conducted by [11] which the results of their research is that social media has a positive and significant influence on sales performance. So, it can be concluded that this research supports previous research.

The second hypothesis examines whether packaging has a positive and significant effect on sales performance. The test results show that the t-statistic value is 2.772 and the original sample is positively charged with a p-value of 0.006. From these results, it was obtained that the t-statistic was significant because t-statistic > 1.96 and p-value < 0.05. So, it can be concluded that the second hypothesis is accepted where there is a positive and significant influence between packaging on sales performance. This research is also in line with research conducted by [17] which the results of their research is that packaging has a positive and significant effect on sales performance. So, it can be concluded that this research supports previous research.

The third hypothesis examines whether product quality has a positive and significant effect on sales performance. The test results show that the t-statistic value is 1.836 and the original sample is positively charged with a p-value of 0.067. From these results, it was obtained that the t-statistic was significant because t-statistic > 1.96 and p-value > 0.05. So, it can be concluded that the third hypothesis is rejected where there is no positive and insignificant effect of product quality on sales performance. The results of this study contradict the research conducted by [18] which the research results state that product quality has a positive and significant effect on sales performance. So, it can be concluded that this study does not support previous research.

5. CONCLUSION

Based on the results of research and discussions that have been carried out using the Partial Least Square

(PLS) analysis method, the conclusions can be drawn as follow:

1. Social media has a positive and significant influence on sales performance.

2. Packaging has a positive and significant impact on pales performance.

3. Product quality has no positive and insignificant effect on sales performance.

6.   LIMITATIONS OF THE RESEARCH

Research limitations are based on the research that has been done and the results of the research that has been obtained. There is limitations to the research, namely as follows:

1. The questionnaire used in this study is closed questionnaire so that each respondent will only answer from the answer criteria that have been provided. This can allow each respondent to answer the questionnaire that is not in accordance with the actual situation.

2. The data collected is the result of questionnaire via Google Form from each respondent and there are some who go through direct interviews thus allowing the data to be less sharp in identifying respondents to the questionnaire statements submitted.

3. In this study, it was limited to the independent variables in the form of social media, packaging, and product quality. For the other factors that may affect the sales performance of the others were not examined.

7. SUGGESTIONSFOR   UPCOMING RESEARCH

Some suggestions that are needed for the future and become material for evaluation are:

1. For further research, it is expected to use other variables that have not been disclosed in this study in order to explain related other factors that can also affect sales performance.

2. For further researchers, it is hoped that further research will expand on the influence of the use of social media, packaging, and product quality on sales performance with research samples not only for MSMEs in Solo Raya, but also for other cities or regions throughout Indonesia.

3. For evaluation, research should be conducted with a larger number of respondents with varied characteristics in order to increase generalizability and diversity of research results.

REFERENCES

[1] K. Kussudyarsana, S. Soepatini, M. H. Maimun, and R. Vemuri, "Examining formal and relational governance in family small medium enterprises: Evidence from Indonesia," *J. Entrep. Emerg. Econ.*, vol. 12, no. 2, pp. 231–257, 2020, doi: 10.1108/JEEE-10-2018-0108.

[2] R. T. J. Munthe and D. R. Rahadi, "Inovasi Dan Kreatifitas Umkm Di Masa Pandemi (Studi Kasus Di Kabupaten Bekasi)," *Magisma J. Ilm. Ekon. dan Bisnis*, vol. 9, no. 1, pp. 44–52, 2021, doi: 10.35829/magisma.v9i1.135.

[3] Syamsudin, F. M. Wajdi, and A. N. Praswati, "Desain Kemasan Makanan KUB Sukarasa di Desa Wisata Organik Sukorejo Sragen," *BENEFIT :Jurnal Management dan Bisnis*, vol. 19, no. 2. pp. 181–188, 2015, [Online]. Available: http://journals.ums.ac.id/index.php/benefit/article/view/2317/1579.

[4] L. Mangifera, A. N. Pramesti, and S. N. Dewi, "Efektifitas Katalog Sebagai Media Promosi Bagi Pengembangan Umkm Di Kabupaten Sragen," *Benefit: Jurnal Manajemen dan Bisnis*, vol. 1, no. 1. p. 43, 2016, doi: 10.23917/benefit.v1i1.2364.

[5] D. F. Hadi and K. Zakiah, "STRATEGI DIGITAL MARKETING BAGI UMKM (USAHA MIKRO KECIL DAN MENENGAH) UNTUK BERSAING DI ERA PANDEMI," vol. 16, pp. 32–41, 2021.

[6] M. I. Dahnil, K. M. Marzuki, J. Langgat, and N. F. Fabeil, "Factors Influencing SMEs Adoption of Social Media Marketing," *Procedia - Soc. Behav. Sci.*, vol. 148, pp. 119–126, 2014, doi: 10.1016/j.sbspro.2014.07.025.

[7] S. Chatterjee and A. Kumar Kar, "Why do small and medium enterprises use social media marketing and what is the impact: Empirical insights from India," *Int. J. Inf. Manage.*, vol. 53, no. December 2019, p. 102103, 2020, doi: 10.1016/j.ijinfomgt.2020.102103.

[8] S. Tripopsakul, "Social media adoption as a business platform: An integrated tam-toe

framework," *Polish J. Manag. Stud.*, vol. 18, no. 2, pp. 350–362, 2018, doi: 10.17512/pjms.2018.18.2.28.

[9] I. van Ooijen, M. L. Fransen, P. W. J. Verlegh, and E. G. Smit, "Packaging design as an implicit communicator: Effects on product quality inferences in the presence of explicit quality cues," *Food Qual. Prefer.*, vol. 62, pp. 71–79, 2017, doi: 10.1016/j.foodqual.2017.06.007.

[10] T. A. Kristiawan and K. Keni, "Pengaruh packaging, social media marketing dan electronic word of mouth terhadap keputusan pembelian busana brand lokal 1)," *DeReMa (Development Res. Manag.*, vol. 15, no. 2, pp. 244–256, 2020.

[11] A. Hendrawan, H. Sucahyowati, K. Cahyandi, Indriyani, and A. Rayendra, "Pengaruh Marketing Digital Terhadap Kinerja Penjualan Produk UMKM Asti Gauri di Kecamatan Bantasari Cilacap," *J. Adm. dan Kesekretarisan*, vol. 4, no. 1, pp. 53–60, 2019, [Online]. Available: http://www.jurnal.stiks-tarakanita.ac.id/index.php/JAK/article/view/189/136.

[12] H. Herawati and M. Muslikah, "Pengaruh Promosi Dan Desain Kemasan Terhadap Keputusan Pembelian Sariayu Putih Langsat," *Kinerja*, vol. 2, no. 01, pp. 17–35, 2020, doi: 10.34005/kinerja.v2i02.794.

[13] Bagus Adi Kuncoro, "Program studi manajemen fakultas ekonomi dan bisnis universitas muhammadiyah surakarta 2015," *Emba*, vol. 3, no. 0271, pp. 300–311, 2015.

[14] Sekaran and Bougie, *metode penelitian bisnis*. jakarta: Alfabeta, 2017.

[15] M. Ningtyas, "Bab III - Metode Penelitian Metode Penelitian," *Metod. Penelit.*, pp. 32–41, 20014.

[16] A. Joshi, S. Kale, S. Chandel, and D. Pal, "Likert Scale: Explored and Explained," *Br. J. Appl. Sci. Technol.*, vol. 7, no. 4, pp. 396–403, 2015, doi: 10.9734/bjast/2015/14975.

[17] Y. Aprilian and Dharmasetiawan, "Pengaruh Kemasan Sachet Terhadap Volume Penjualan Nestle Milo Di Tembilahan," *Angew. Chemie Int. Ed. 6(11), 78–87.*, vol. 4, no. March, pp. 763–773, 2017.

[18] Ahmad Saefudin, "Analisis Pengaruh Kualitas Produk, Harga Produk, Dan Orientasi Pasar Terhadapkinerja Penjualan Pada Umkm Pengrajin Kayu Di Gilingan Kota Surakarta," *Emba*, vol. 3, no. 0271, pp. 1–11, 2016.