



# The Analysis of Survival Strategies for Micro Small and Medium Enterprises (MSMEs) Food and Beverages in the Time of the Covid-19 Pandemic (Case Study on MSMEs in the Food and Beverage)

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**Abstract.** The Covid-19 pandemic that is currently hitting Indonesia has also had an impact on the economic sector, one of which is MSMEs. Therefore, a MSMEs survival strategy is needed so that the efforts of MSME actors can continue to survive. Micro, Small and Medium Enterprises (MSMEs) are independent productive business units, which are carried out by individuals or business entities in all economic sectors. Survival Strategy is an effort made with a plan by an individual or group to obtain the desired goals and to solve the problems being faced. The purpose of this study was to analyze the survival strategy applied by the food and beverage sector MSMEs in Margadana District, Tegal City in running their business during the COVID-19 pandemic. The data analysis technique used was a descriptive analysis method with a quantitative approach. The results of data analysis and discussion showed that the Food and Beverage MSMEs in the Margadana District, Tegal City know about the MSMEs survival strategy but do not consistently apply the MSME survival strategy as a strategy that can help maintain the managed MSMEs in the Food and Beverage Sector. This happens because the owners of the Food and Beverage MSMEs have not realized the real benefits of implementing the MSMEs survival strategy.

**Keywords:** Micro Small and Medium Enterprises (MSMEs) · Covid-19 · Pandemic · Food and beverage

## 1 Introduction

Micro, Small and Medium Enterprises (MSMEs) are one of the business units that have an important role in economic development and growth [1]. MSMEs also have a strategic role in economic development in Indonesia, because apart from playing a role in economic growth and employment, they also play a role in the distribution of development outcomes [2]. At the time of the economic crisis in 1997/1998, MSMEs were one of the businesses that were proven to be able to survive in crisis conditions and even contributed to the absorption of labor.

The COVID-19 pandemic has an impact on various sectors, one of which is the economic sector in various countries [3]. The COVID-19 pandemic has also caused environmental changes that require companies to adapt to technological changes [4]. In Indonesia, the COVID-19 pandemic has had a real impact on the fabric of life in society. The government is implementing measures so that people stay at home “stay at home”, this is because the corona virus outbreak is growing and can be massively patient. With this stipulation, people’s lives, the world of education, services and non-services both large and small, as well as MSMEs are also affected. Most of the MSMEs, as many as 82.9% had a negative impact from the pandemic, only a small portion, namely 5.9%, experienced a positive impact from the pandemic [5].

The limited movement of people during the pandemic has an impact on the sustainability of the MSME business. Based on the survey results, as many as 96% of business actors claimed to have experienced the negative impact of COVID-19 on their business processes. As many as 75% of them experienced a significant decline in sales. In addition to the decline in sales, several business actors were forced to close. The most affected business sector is the food and beverage sector [6]. Although the food and beverage business is one of the sectors most affected, the food and beverage business has good business prospects compared to other business sectors.

Food and drink are basic needs for society. Therefore, efforts or strategies are needed for food and beverage MSMEs in order to continue to survive and be able to overcome problems that arise during the COVID-19 pandemic.

The government has made various efforts to reduce the spread of the COVID-19 virus. One of the efforts made by the government is to issue Government Regulation (PP) Number 21 of 2021 concerning Large-Scale Social Restrictions. These regulations have an impact on the limited operational activities of MSMEs and a decrease in consumers who make direct purchases. Therefore, business actors are required to be able to survive in facing conditions that are different from usual. MSMEs need to implement strategies to survive in this pandemic condition.

The COVID-19 pandemic has changed consumer habits in making purchases, including the purchase of food and beverages. Consumers who previously made direct purchases, since the restrictions on purchasing activities were made online. The shift in consumer buying habits requires business actors to be able to implement strategies so that sales do not decline. The survival strategy is one of the efforts that can be made by MSME actors so that they can still generate sales during the pandemic. Susilo in Nadyan et al. [6] defines a company’s survival strategy as the company’s ability to survive in various conditions.

The survival strategy that can be carried out by business actors during the COVID-19 pandemic is based on several research results, including marketing through social media, collaboration with online transportation, culinary product innovation, and maintaining customer trust [7, 8]. Based on an initial survey on food and beverage businesses in Margadana District, Tegal City, many business actors experienced a decline in food and beverage sales during the pandemic and had not implemented a survival strategy to overcome the problem of declining sales.

From the description above, the purpose of this study is to find out and analyze how the survival strategy is applied by the SMEs in the Food and Beverage Sector in Margadana District, Tegal City in running their business during the COVID-19 pandemic.

## 2 Research Methods

This research was conducted using descriptive research with a qualitative approach. Data collection techniques were obtained through observation and in-depth interviews with key informants, namely the owners of MSMEs in the Food and Beverage Sector in Margadana District, Tegal City and distributing questionnaires to fields of study related to research, including marketing through social media, collaboration with online transportation, culinary product innovation and maintain customer trust.

## 3 Results and Discussion

### 3.1 Results

Table 1 is the result of the analysis of the MSME survival strategy.

Table 1 shows that overall, the MSMEs survival strategy has an average score of 3 (medium category) which is 3.84. This means that on average respondents know about survival strategies but are not consistent in implementing MSME survival strategies as a strategy that helps MSMEs in the managed food and beverage sector.

### 3.2 Discussion

#### 3.2.1 MSMEs Survival Strategy with Marketing Through Social Media

Marketing through social media is a marketing process carried out through a third party, namely a social media-based website. Currently, there are many social media that can be used for marketing or promoting a product or service. Social media that are often used for marketing or promotion include Facebook, Instagram, Whatsapp and E-commerce.

Based on Table 1 we can conclude that the food and beverage MSMEs survival strategy in Margadana District by marketing through social media has an average value of 3.82 (medium category), this value can be interpreted that the respondents are owners

**Table 1.** MSMEs defense strategy analysis results

MSMEs Survival Strategy	Mean
Marketing Through Social Media	3,82
Cooperation with Online Transportation	3,75
Culinary Product Innovation	3,62
Maintaining Costumer Trust	4,20
<b>Mean</b>	<b>3,84</b>

of food and beverage MSMEs in the District. Margadana Kota Tegal knows about this MSME survival strategy but they are not consistent in implementing or using a marketing survival strategy through social media in their business activities in order to develop and maintain their business.

### **3.2.2 MSMEs Survival Strategy by Cooperation with Online Transportation**

Online transportation is an internet-based transportation service in every transaction activity, starting from ordering, monitoring lines, payments and evaluating the service itself. Online transportation is one form of traffic and road transportation that runs by following and utilizing scientific (technology) developments. Online transportation that is often used includes Gojek (go-food), Grab (grab-food), and Local Couriers.

Based on Table 1 the previous discussion, we can see that the food and beverage MSMEs survival strategy in Margadnan District, Tegal City in collaboration with online transportation has an average value of 3.75 (medium category), this value can be interpreted that the respondent is the owner Food and beverage MSMEs in Margadana District, Tegal City know about this MSMEs survival strategy but they do not consistently implement or use a survival strategy of collaboration with online transportation in their business activities to expedite and simplify the product delivery process.

### **3.2.3 MSMEs Survival Strategy by Innovating Culinary Products**

Product innovation can be interpreted as an effort made by business actors to improve, improve, and develop products that have been produced so far. This product innovation can occur due to several things, including feedback from customers, a combination of things that already exist, to new discoveries. This innovation process must continue to be carried out so that the product continues to develop, have improvements, until it reaches perfection. Culinary product innovations that can be done include uniquely shaped products, cute shaped products, combining products, products having various flavors, and attractively packaged products.

Based on Table 1 discussed earlier, we can conclude that the MSMEs survival strategy with culinary product innovation on food and beverage MSMEs in Margadana District, Tegal City has an average value of 3.62 (medium category), this value means that the respondents are MSMEs owners Food and beverage in Margadana District, Tegal City know about this MSMEs survival strategy but they do not consistently implement or use a survival strategy with culinary product innovations in their efforts to increase the selling value of the products offered.

### **3.2.4 MSMEs Survival Strategy by Maintaining Customer Trust**

Trust is consumer knowledge about an object, its attributes, and benefits, or in the sense of someone's willingness to entrust a brand to perform or carry out a function. Consumer trust can be created by the honesty of the producer in conveying the composition or ingredients used in a particular product, as well as by conveying the side effects of using the product or service in question. Maintaining customer trust can be done by making customers satisfied with the food and beverage products offered, maintaining customer

trust, providing quality assurance and nutritional value for the food and beverage products offered, maintaining stable affordable prices, being friendly to customers.

Based on Table 1 discussed earlier, we can see that the MSME survival strategy by maintaining customer trust in food and beverage MSMEs in Margadana District, Tegal City has an average value of 4.20 (high category), this value means that the respondents are MSMEs owners. Food and beverage in Margadana Subdistrict, Tegal City know about this MSMEs survival strategy and often implement or use a survival strategy by maintaining customer trust in their business activities in order to maintain the business.

Defense strategies need to be carried out in the face of new conditions in this era of the Covid-19 pandemic. As for what is meant by a survival strategy, it is an effort made with a plan by an individual or group to obtain the desired goals and to solve the problems being faced. In this case, it is an act or action. Thus, the defense strategy is useful if it is applied to various business scales, including medium, small, and even micro scale enterprises. The implementation of the defense strategy on food and beverage MSMEs in Margadana District, Tegal City as a whole for respondents or owners of food and beverage MSMEs in Margadana District, Tegal City was classified as moderate with an average value of 3.84. This value can be interpreted that on average respondents, namely the owners of food and beverage MSMEs in Margadana District, Tegal City, know about MSMEs survival strategies but do not consistently apply MSME survival strategies in their business activities. In general, respondents as owners of food and beverage MSMEs in the Margadana Sub-district of Tegal City admit that they do not need the MSMEs survival strategy because their business scale is still classified as micro-enterprise, so the transactions that occur in MSMEs are not so complicated or complex. In addition, respondents also have not realized the real benefits of implementing MSME survival strategies for their businesses. The consistent application of the right MSMEs survival strategy can help food and beverage MSMEs owners in Margadana District, Tegal City in running their business, develop and maintain their business from bankruptcy.

Food and beverage MSMEs owners in Margadana District, Tegal City can use online media such as Facebook, Instagram and WhatsApp to convey and offer products to customers. Cooperate with online transportation parties such as Gojek and Grab as well as local couriers to facilitate the delivery of the products offered. Innovating on products is also one of the MSMEs survival strategies to attract customers, and by maintaining customer trust, we can maintain food and beverage MSMEs in Margadana District, Tegal City because customers believe in us. Therefore, the MSMEs survival strategy has an important role for business actors in achieving business success, including for food and beverage Micro, Small and Medium Enterprises (MSMEs) in Margadana District, Tegal City.

## 4 Conclusion

- The survival strategy that is often applied by MSMEs in the food and beverage sector is to maintain customer trust, because it has an average value of 4.20 in the high category. Which means that the owners of food and beverage MSMEs in the Margadana District, Tegal City know about this survival strategy and often apply it in their business activities.

- The strategy to survive by marketing through social media, collaboration with online transportation and culinary product innovation each has an average value of 3.82, 3.75, and 3.62 in the medium category. Which means that the owners of food and beverage MSMEs in Margadana District, Tegal City know about this survival strategy but do not consistently apply it in their business activities.
- Overall, the MSMEs survival strategy in the MSMEs Food and Beverage Sector in Margadana District, Tegal City has an average value of 3.84 which is in the medium category. Which means that the owners of food and beverage MSMEs in the Margadana District, Tegal City as a whole know about this survival strategy and often apply it in their business activities.

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