



# Strategy in Increasing “My Keranjang” Income as Micro Small and Medium Enterprises (MSME) Through Digital Marketing

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**Abstract.** This study is intended to determine the strategies used to increase MSME income through digital marketing. The sample in this study was selected based on the following criteria: 1) MSMEs that develop through digital marketing; 2) MSMEs have achieved international market share, so they are relevant to the focus and research problem. The benefits of this research are: 1) the theoretical benefits can develop the science of marketing management and entrepreneurship from a theoretical point of view; 2) practical benefits, namely to solve problems that exist in the subject. The theory used is, of course, based on previous researchers or writers. Purposive sampling is used to select research samples with “Keranjangku” as the selected MSME in Madiun, while descriptive research is used as a research method whose results are in the form of a model. Strategies to develop and improve the competitiveness of SMEs in increasing income. Based on the internal and external analysis of “My Basket” on MSMEs in Madiun, it was found that the growth strategy was used as the primary strategy. My Basket utilizes all the strengths of MSMEs to innovate products regularly, maintain the quality of raw materials, maintain affordable prices and expand marketing through digital platforms.

**Keywords:** Economic Growth · Product Innovation · Digital Marketing

## 1 Introduction

The era of Society 5.0 is said to be the union of humans and technology. Technology has become an inseparable part of humans’ lives and inherent in daily human activity. As part of technology, the need for the Internet has become the main consumption that is used to share information and live life, socialize, send messages, read news, and even make shopping transactions.

Technological disruption requires MSMEs to go digital. In order to encourage the competitiveness of MSMEs, the government launched a digitalization program with a target to achieve as many as 30 million MSME players entering the digital ecosystem by 2024. Special Staff of the Minister of Union and SMEs for Creative Economy Empowerment, Fiki Satari, said that currently, the number of MSMEs onboarding the ecosystem digital technology has only reached 19%, or around 12 million MSMEs. This number

is relatively more significant than in 2020, which was still at 13% or around 8 million MSMEs. Digitalization is the main key to driving economic recovery. Moreover, the impact of the pandemic caused a decrease in the mobility of goods and people, thereby triggering a decrease in demand for goods and services. As a result, orders are low in the business sector, including MSMEs. Therefore, breakthroughs and innovations are needed so that MSMEs can be more resilient and continue to grow even in the midst of a pandemic, especially through digitalization.

Digital transformation in this pandemic era has become a necessity because, amid the Limitation of the people's social activities (PPKM and PSBB) policies, it has dramatically impacted the business activities of MSMEs. This is different from the 1998 crisis or previous crises where MSMEs became the cushion or striker to revive the economy. Since the Covid-19 pandemic hit Indonesia, there has been an increase in online transactions by 26%, or 3.1 million transactions per day, and a 35% increase in goods shipments. This is an excellent opportunity for MSMEs to meet the wide-open online market. Several challenges must be solved to encourage MSMEs to enter the digital ecosystem. The first is related to digital literacy for national MSMEs which is still relatively low. This is one of the government's main problems in which literacy needs to be continuously improved. The survey from Kemenkop UKM with iDEA (Indonesian E-Commerce Association) shows that 75% of the sustainability of MSMEs after entering e-commerce experience difficulty in maintaining characteristics, after-sales service, and others. The second challenge is the production capacity of MSMEs, which is still relatively low. Improving MSMEs' competitiveness is still a challenge because they cannot fulfill large orders. The third is the difficulty of MSMEs in meeting the quality and consistency aspects of the same product. This means that MSME products are not yet standardized. Fourth is the challenge of market access which has not been fully optimized although they have entered the digital ecosystem.

This is a big task for the government, associations, private sector, and all related parties to unravel the fundamental problems of MSMEs in using digital media. Moreover, currently, about 37% of new internet service users and as many as 93% of consumers will continue to use digital, with an average use of digital media between 4.3–4.7 h of online use per day. In accordance with the mandate of the Employment Creation Law, which has been issued, there is an obligation for Ministries/Institutions and SOEs to allocate 40% of their spending to absorb MSME products. This regulation is an excellent opportunity for MSMEs to develop and increase their income.

“My Basket” is one of the MSMEs in Madiun City with high development potential. The average production capacity is five bags per day with 50 workers, successfully generating a turnover of up to 100 million per month. Product marketing is at home and abroad in Malaysia, Australia, England, and America. However, there are several obstacles faced by “My Basket” in developing their potential. The high market demand that is not proportional to the availability of raw materials and the unstable production capacity are considerable problems in the production sector. Product sales are more focused on direct selling to end users in the marketing sector. Marketing through online platforms on e-commerce has not been optimal. The main potential of My Basket's MSMEs to survive in the market is the trust of customers and resellers that have been well established, with product innovation and product quality. My basket's main target

is women with an age range of 21–50 years. There is a difference between the purchase orientation of domestic and foreign customers. Domestically, the biggest sales are bags for celebrations and parties, while it is for shopping bags and home decor in foreign markets. If My Basket can overcome various problems its faces, it can increase its potential and develop MSMEs for the better.

The movement and changes in the way business are getting faster towards digitalization is forcing business people to adapt, following changes in trade by utilizing digital platforms [1]. In order to encourage digitalization and make it easier for MSMEs to deal with occurring changes, the government has increased the ease of access and transferred technology to MSME actors to ensure that they can survive in business competition. The ability to master digital devices and the internet is a fundamental skill that MSMEs must master to survive in the competition. Research by Deloitte Access Economics (2015) states that consumers are increasingly accustomed to making decisions based on digital content and buying goods online. This is a challenge and opportunity for MSME, especially My Basket. Based on this, this research seeks to formulate a digital marketing development strategy to support the development of MSMEs.

## 2 Research Methods

This research design is descriptive qualitative with a case study method to analyze the strategy of increasing MSME income through digital marketing. The research subject is MSME My Basket. Data were collected through observation, in-depth interviews, and documentation. Data analysis uses a case study through Hesse and Biber in [2] steps, including the data storage phase, the data exploration and reduction phase, and the data interpretation phase. The data were validated through source triangulation techniques and methods. Informants involved in this research are the owner of My Basket, customers, and employees. The research was conducted for six months, from March to August 2021.

This research uses purposive sampling as a sampling technique. One of the techniques in data collection is the purposive sampling technique, or it can also be called a sampling technique with a specific goal. Purposive sampling is the selection of samples based on a particular characteristic in a population that has a dominant relationship to be used to achieve research objectives. According to Sugiyono (2010: 122), purposive sampling collects data sources by determining the sample with certain considerations [3]. Meanwhile, Arikunto (2006: 218) argues that the purposive sampling technique collects data not based on random but based on considerations to achieve a target or focus on a particular goal [4]. That means this sampling technique is a technique for collecting data from a population based on the presence of a specific target or goal in a study. This purposive sampling technique is usually used in qualitative research. Therefore, it can be said that the purposive sampling technique is very appropriate to be used in qualitative research compared to quantitative research. In qualitative research that uses purposive sampling, the results obtained or samples are better to avoid generalizations about the population in the study.

In addition, depth interview is a technique used for data collection in this research. The interview is a conversation with a specific purpose. [5]. Two sides carry out the conversation; they are the interviewer who asks the question and the interviewee who

gives the answer or question (Moleong, 2005: 186). The interview technique used in this research is an in-depth interview. An in-depth interview is a way of collecting data or information by directly meeting the informant to get a complete picture of the topic under study. An in-depth interview is an interview in which the researcher explores in-depth information by being directly involved with the life of the informant and being able to directly ask and answer questions freely without pre-prepared question guidelines so that the atmosphere is lively and carried out many times.

### 3 Result and Discussion

Result of this research shows that there are two focuses of “My Keranjang” development which are through internal and external strengths. The metadata of internal and external strengths of “My Keranjang” are shown in Table 1 below:

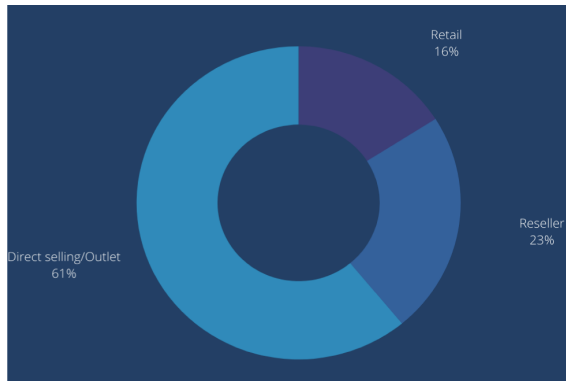
MSME My Basket chose a growth strategy (developing) which was chosen with consideration, positioning My Basket compared to competitors is at a high level/ dominates the market in the type of bag and home decor products from hand woven for the Madiun Regency and surrounding areas. Products and prices are the instruments that focus on market expansion and increased revenue through digital marketing. Data obtained from interviews with consumers indicate that the primary motivations for consumers to choose My Basket products are product quality, product innovation, and affordable prices compared to competitors in similar products. As many as 92% of MSME customers of My Basket Madiun are female with social backgrounds from students to housewives. Until 2019, My Basket has consistently used a direct sales strategy through outlets. Due to the high market demand, management began to open sales requests indirectly through retailers and resellers. Figure 1 explains the percentage of sales contribution directly or indirectly.

From the picture, we can conclude that the percentage of the direct sales to the end user customer dominates sales by 61%. This direct selling is done at the outlet and my

**Table 1.** Internal and External Strengths of “My Keranjang”

No	Instrument Category	Internal Strength	External Strength	Implemented Strategy
1	Product	Periodical product innovation	Strong product branding in community	Extending market through web and ecommerce
2	Product	Material quality	There are not many such product in the market	Increasing production capacity
3	Price	Affordable price	High demand in the market from retail, resellers and end users	Service excellent from pre-sales to after-sales

Source: Research Data, 2021



**Fig. 1.** The Direct and indirect sales percentage. Source: Data analysis, 2021

cart website. From the results of market analysis and business revenue development, the owner of My Basket then expanded the market by selling through e-commerce. This market expansion is in line with changes in the economic structure and lifestyle of today's people familiar with technology, including in matters of meeting daily needs. Continuous technological changes at least cause changes in the economic structure. Technological changes in the development process will lead to changes in the production structure that are compulsory and inductive [3]. Changes in technology values and governance in everyday life, forcing every field to follow, including economics and sales in My Basket.

Invention and innovation are closely related to business management strategies to dominate the market. Businesses that are successful in expanding the market will increase sales and increase profits. In a narrow sense, inventions can also be interpreted as new findings, either in new products, production equipment, or supplies to produce inputs and outputs, techniques, and other related aspects of production activities. The invention will be economical when accompanied by innovation. On the other hand, innovation will not run well without an invention [6]. SMEs need to take advantage of IT to increase their competitiveness. [7]. The market expansion in e-commerce at My Basket is balanced by an increase in production capacity for the type of product with the largest age population contribution in customers, type B. Furthermore, the types of customers based on age, product preferences, and social background are described in Table 2.

The addition of production capacity for office bags, fashion bags, celebration bags, and home decor is performed while maintaining the quality of raw materials, product quality, and competitive prices with competitors. Increasing revenue through digital/e-commerce marketing focuses on improving services both pre-sales and after-sales. Conducted training and development in the field of human resources in terms of excellent service, financial management, psychology, customer types, and mastery of tools in e-commerce. HR quality improvement is carried out regularly every year.

Approaches to customers and employees are also performed to keep customers and employees loyalty. To maintain the attachment of employees, customers, and partners, management takes a psychological approach such as special promotions on holidays, giving important day greetings, such as birthdays and weddings, and sending Eid parcels for employees, loyal customers, retail partners, and resellers. Loyal customers, partners,

**Table 2.** Customer Type of “My Keranjang”

Customers Type	Age (year)	Social back-ground	My Keranjang’s preference product type	Percentage of contribution to the income	The main motivation on choosing My Keranjang’s product
A	15–25	Students, undergraduates	Fashion bags	29%	Product innovation
B	26–54	Employee, housewife	Tas kerja, Tas Fashion, Tas hajatan, Home decor	54%	Affordable price
C	55–75	Employee, housewife, retire	Home decor, party bag, fashion bag	17%	Good quality of material

Source: Data analysis, 2021

resellers, and employees will help businesses grow faster. This is to keep a strong branding, create good engagement and increase positive emotions. Positive emotions can overcome stress, where stress levels will affect performance. All these are done to maintain the social intelligence of each element that affects business growth, namely human resources for employees, customers, retail partners, and resellers.

The growth strategy is continuously performed by increasing the budget for paid advertising on Facebook ads, web banners, and Instagram ads. The advertising material is designed in such a way as to attract the interest of type A and B customers who are a combination of generations X, Y, and Z who are familiar with gadgets, digital marketing, and e-commerce applications. Types A and B customers are the main targets for digital marketing, considering that these types of customers are the main customers with the highest purchase rates, ranked 1 and 2.

The flow of strategy in increasing the income through digital marketing of My Keranjang is explained in the chart below (Fig. 2):

Broadly speaking, the results show that My Keranjang’s efforts in increasing revenue through digital marketing are to innovate and invent, maintain product quality, increase production capacity, advertise on e-commerce platforms, provide promos and discounts, provide competitive prices for competitors, and provide excellent services. Excellent pre-sales and after sales, in addition to maintaining good relations by paying attention to the social psychology of customers, retail partners, resellers, and employees to develop business.

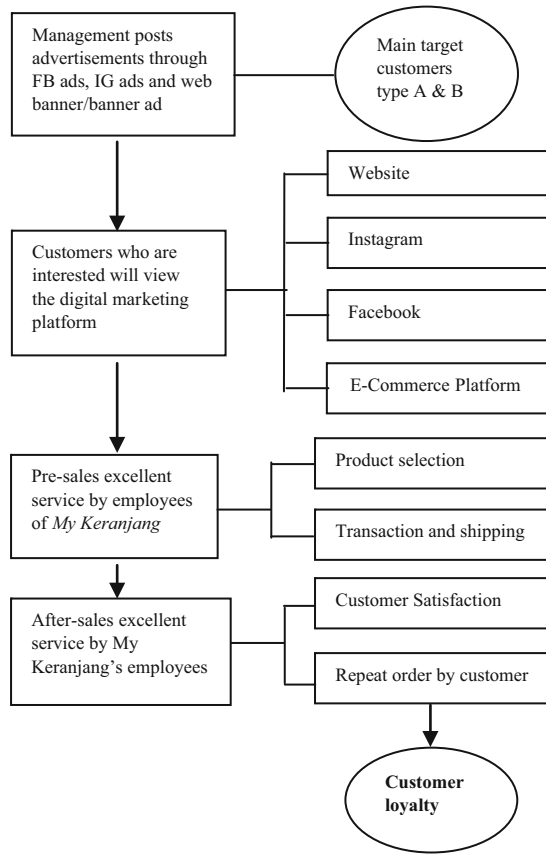


Fig. 2. Diagram of strategy in increasing income through. Source: Data analysis, 2021

#### 4 Conclusion

The focus of income development of My Keranjang as one promising MSME is through internal and external strengths. The internal strength is through periodical product innovation stabilizing material quality, and affordable price, while external strength is through digital marketing through SMSE’s marketing platform and e-commerce. Promos and discounts maximize advertisement. My Keranjang uses a growth strategy to extend the production capacity and improve pre-sales and after-sales excellent services. The final aim of these strategies is customer satisfaction which will repeat orders and help in marketing through WOM Marketing. Customer satisfaction will build customer loyalty to the product and increase revenue or income. Recommendations for further research identification of MSME marketing strategies should be distinguished between domestic and foreign markets. Because the two markets have different uniqueness.

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