



# Implementation of Digital Marketing as a Revitalization Strategy for MSME Leather Crafts at the Bag and Luggage Industry Cooperative

Hujjatullah Fazlurrahman<sup>1</sup>, Riska Dhenabayu<sup>1</sup> (✉), and Tias Andarini Indarwati<sup>2</sup>

<sup>1</sup> Department of Digital Business, Universitas Negeri Surabaya, Surabaya, Indonesia  
riskadhenabayu@unesa.ac.id

<sup>2</sup> Department of Management, Universitas Negeri Surabaya, Surabaya, Indonesia

**Abstract.** Kedensari Village has the potential as a center for leather crafts in Sidoarjo. The craftsmen in Kedensari Village are members of a cooperative organization called the Bag and Suitcase Industry Cooperative (INTAKO). Based on the results of interviews and field observations, it is known that the average production of INTAKO members in 1995–2005 was 250 to 1000 bags and suitcases per day. However, since the Lapindo Mud disaster in 2006, coupled with the impact of the COVID-19 pandemic, income from leather craft products has fallen by 70%. One of the main obstacles for INTAKO members is the lack of optimal skills and insights related to digital marketing for mobile commerce causing INTAKO leather craftsmen to fail in capitalizing the opportunities for the shifting consumer trends to online purchases. Based on this analysis, we offer solutions in the form of training and assistance on revitalization strategies through the application of digital marketing for mobile commerce. The output of this study is in the form of digital brand concept and design specialized for mobile commerce and appropriate technology transfers that support mobile commerce, including AI chatbot that can be used for product promotion or customer relationship. In addition, the output of this program is the publication of activities in the mass media, publication of scientific articles in international journals and activity videos, as well as IPR.

**Keywords:** Digital marketing · Mobile commerce · Chatbot · Artificial intelligence · Digital branding

## 1 Introduction

Kedensari Village, Sidoarjo Regency, East Java Province is one of the villages known as a center for MSMEs (Micro, Small and Medium Enterprises) leather handicrafts from synthetic leather and genuine animal skins.

In May 2006 Sidoarjo experienced the Lapindo Mud disaster. The media coverage at that time caused customers to think that Kedensari Village was no longer safe to visit [1] and based on interviews with the Chairman of the Bag and Suitcase Industry

Cooperative (INTAKO) it's known that INTAKO's prestige as a leather craft center took a severe downhill which had a negative impact on the leather craft sector in Kedensari Village.

The leather craftsmen in Kedensari Village are members of a cooperative organization called INTAKO which was founded in 1976. Based on the results of interviews and field observations, it is known that the members who joined the INTAKO Cooperative reached 354 craftsmen from Kedensari Village with an average production in 1995–2005 of 250 to 1000 bags and suitcases per day [2]. Business capital is obtained from the members' principal savings. INTAKO plays a role in providing raw materials, mediating marketing and orders as well as cooperating with price agreements. In its heyday, INTAKO was one of Sidoarjo's tourism icons, which was growing rapidly and became the backbone of the community's economy, but now INTAKO is practically near bankruptcy due to huge decline in revenue because there are rarely tourists who come to INTAKO with some members suggesting to sell core assets.

Based on the results of a survey to leather craft SMEs who are members of INTAKO in Kedensari Village, it shows that sales have decreased drastically by around 70% [3]. Before the pandemic, revenue through INTAKO were around 300 million per month, while after the pandemic the revenue per month was not up to 90 million.

Several attempts to increase sales have been applied, including accepting orders for export and orders for online stores. The problem is, most of the export orders are for leather furniture and decoration products such as sofas, chair cushions, carpets, wall lamps and so on. To capture these export opportunities, the leather craftsmen in Kedensari Village need to master new skills related to the designs and models of these furniture and decoration products first, and learn the production process because their current skills is limited to leather craft products in the fashion sector such as bags, suitcases, wallets, belts, and hats.

Meanwhile, orders from online stores are mostly for fashion products under sixty thousand rupiah per piece with a small profit margin of around two thousand rupiah per piece. According to the chairman of INTAKO, Mr. Zaenal Arifin, the number of MSME who have successfully implemented mobile commerce can be counted by the fingers. One of the reasons is because most of the owners of leather craft SMEs in Kedensari village have not mastered digital marketing skills and mobile commerce technology.

Field observations and interviews have been conducted to identify problems and the potential competitiveness of these SMEs. The next survey was conducted to discuss options for solving problems for MSMEs in Kedensari village, including increasing the competitiveness of SMEs and efforts to increase sales. The leather craft SMEs in Kedensari Village feel the need to do a rebranding that can attract today's consumers and the implementation of a mobile commerce strategy as an effort to expand the market outside East Java. The third survey is for administrative completeness.

An interesting digital marketing strategy related to digital branding was chosen because it is one of the determinants of the existence of a product in the eyes of mobile commerce consumers [4]. Along with the development of information and communication technology, the product is not only seen in terms of quality, but also leads to its brand visibility [5]. Digital branding is the first weapon that brings together mobile commerce

products and consumers. As according to [6], digital brand awareness is currently an important factor in digital marketing.

Digital marketing is a way to convey product information and influencing people to buy or use these products [7]. Digital marketing strategy that we proposed aim to increase sales so that INTAKO's income can increase and can also form a digital brand image in the top of mind of mobile consumers. In determining the type of promotion, MSMEs must also choose the right and effective digital marketing strategy to have a positive impact [8].

Digital marketing or online promotion is one of the newest and most innovative media for small industry players to promote their products at the lowest possible cost to the wider community [9]. There are many ways to promote a business through internet media, including through SEO (Search Engine Optimization), chatbots, through PPC Advertising (PPC Advertising), Email Marketing, Mobile Advertising, and Social Media Marketing [10]. The use of digital marketing consists of:

1. Website,
2. Social Medias: TikTok, twitter, Instagram,
3. YouTube,
4. E-mail

Based on the results of the identification reviewed from various relevant perspectives by the proposers and partners on the problems that must be resolved by the partners, the following are the priority problems of partners that have been agreed upon by the proposer and partners.

1. Digital marketing skills owned by partners are still limited. Partners do not yet have an attractive promotion strategy through digital branding.
2. Skills and insights related to mobile commerce owned by partners are still limited. Partners have not been able to use mobile commerce channels to market and sell leather craft products while customers have shifted to mobile commerce channels as a result of the COVID-19 pandemic.
3. Partners do not yet know the technologies that can be applied in digital marketing and mobile commerce such as the use of chatbots to help maintaining customer engagement.

## 2 Method

The approach method offered to solve partner problems is training and mentoring that has been mutually agreed upon and the stages in implementing the solutions offered to overcome the main problems of partners within the program realization period are Making chatbot in order to maintain customer relationship that is as needed and easy to use and assist in the application of techno-marketing channels, and digital marketing content. Partner participation in the development of the chatbot can be seen in Table 1.

Digital marketing training for mobile commerce with discussion and mentoring to improve partner's digital entrepreneurship skills. The stages of partner participation in digital marketing training for mobile commerce can be seen in Table 2.

**Table 1.** Stages of AI chatbot creation

No.	Stage	Activity	Method	Partner participation
1.	Problem research and preparation	Work together with partners to identify the problems and find the solutions	Focus Group Discussion	Providing valid data, giving truthful answers in interview and allowing researchers to do field observation
2.	Implementation Stage 1 Training	Designing ai chatbot application	In-Depth Interview and Practice	Giving feedback in the chatbot design concept
		Develop ai chatbot application	In-Depth Interview and Practice	Giving feedback in chatbot development process
3.	Application in INTAKO	Partners implement chatbots accompanied by the PKM team.	In-Depth Interview and Practice	Applying research results
4.	Monitoring and evaluation	Partners report the implementation of appropriate technology briefly.	Focus Group Discussion	Report implementation results

**Table 2.** Stages of Digital Branding for Mobile Commerce Training Activities

No.	Stage	Activity	Method	Partner Participation
1.	Problem research and preparation	Work together with partners to indentificate the problems and find the solutions	Focus Group Discussion	Providing valid data, giving truthful answers in interview and allowing researchers to do field observation
2.	Implementation	Digital marketing training for mobile commerce	In-Depth Interview and Practice	As workshop participant
3.	Application in MSME Leather Crafts for INTAKO Members	Partners implement the results of the training accompanied by our team	In-Depth Interview and Practice	Applying workshop results
4.	Monitoring and evaluation	Partners report the implementation of the training results briefly.	Focus Group Discussion	Report implementation results

## 3 Results and Discussion

### 3.1 Preparation Phase

At this stage, the preparation of discussion materials is coordinated with INTAKO SMEs. As a result, all the parties involved agreed to hold the training in July 1–2, 2022, with 30 participants. Furthermore, the team coordinates for the preparation of modules according to partner needs and measures the instruments and materials that will be provided such as the pretest and posttest materials, and participants feedback form. Prior to the training, the team coordinated with key speakers, namely Tias Andarini Indarwati, SE., M.M. (Marketing Expert), Hujjatullah Fazlurrahman, SE, MBA. (Digital Marketing Expert), Riska Dhenabayu, S.Kom., M.M. (Mobile Commerce Expert) to prepare training materials to be sent to INTAKO, then prepares the equipment to shoot the video to be uploaded on YouTube.

### 3.2 Training Stage

The activity was carried out according to the planned schedule, namely stage 1 was held on July 1, 2022. During the implementation of the activity, the participants were actively involved in participating in the training activities. 30 participants attended the planned hearing of 25 participants and the training was held at INTAKO.

At the implementation stage of this training, the method used was offline workshop where participants received workshop modules on what digital marketing is and its benefits. Then participants were invited to make a digital content and try to use it to market their brand/products. At this stage, each participant is expected to have digital contents and can use chatbot to make it easier to carry out digital marketing campaign. By using chatbot, it is expected that creating and maintaining customer engagement will be easier, recorded and accurate.

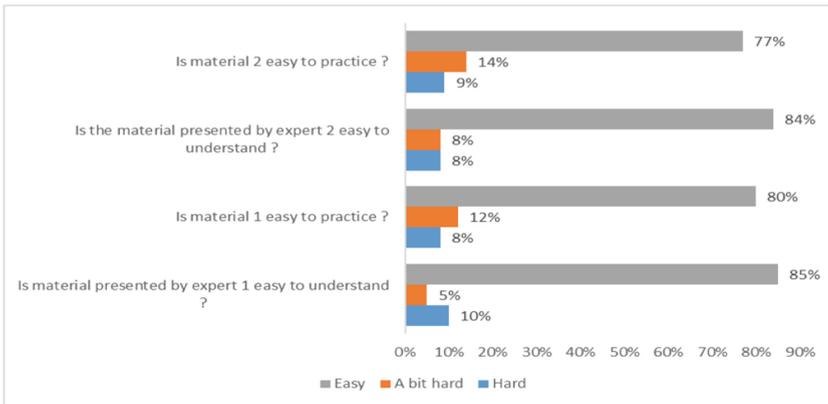
Phase 2 on July 2, 2022. Appropriate speakers, audience and facilities, and participation and attendance. During the implementation of the activity, the participants were actively involved in participating in the training activities. The total audience of the planned 30 participants were all present and the training was held at INTAKO.

At this stage, participants followed the steps to launch their own digital marketing campaign guided by the presenter, namely Riska Dhenabayu, S.Kom., M.M.. Followed by implementing chatbot to support their digital marketing campaign and collecting data in order to be analyzed later. Active participants take part in this activity by recording data according to the digital marketing campaign parameters.

Described in Table 3, the team during the training measured the impact of this program through pre-test and post-test questionnaires. The results showed that before this training was implemented, 17% of respondents answered correctly the questions given, the remaining 83% were still wrong in answering. After the training, in answering the posttest questions, respondents answered 86% correctly and the remaining 14% were still wrong. From these results we can measure the increase in participants' understanding and insight into the material provided. We hope that this positive impact can be implemented, and we will examine it during the monetary process.

**Table 3.** Participants’ level of understanding as indicated by pretest and posttest results

Questionnaires	Pretest		Posttest	
	Right	Wrong	Right	Wrong
How do we do effective digital marketing considering the limited resources?	5	25	30	0
What are the considerations for choosing to use YouTube, Search Engine, TikTok, IG, etc. in a very limited marketing budget?	4	26	29	1
How do you convert from website visits/social media posts visit to sales?	2	28	28	2
What are the parameters used to evaluate a marketing campaign?	4	26	30	0
What causes the marketing campaign to fail?	3	27	29	1
What digital marketing content has a wide reach?	2	28	29	1
<b>Mean</b>	<b>17%</b>	<b>83%</b>	<b>86%</b>	<b>14%</b>



**Fig. 1.** Participants’ satisfaction towards the material

### 3.3 Monitoring and Evaluation Stage

At this stage, it will be carried out on July 9, 2022, with the aim of (1) MSMEs being able to launch a simple digital marketing campaign, (2) MSMEs being able to use simple chatbot. As seen in Fig. 1, for the first measurement, we saw that 85% of MSMEs felt that the Delivery of material from resource 1 was easy to understand, 5% thought that it was a bit difficult to understand, and the remaining 10% found it difficult to understand material 1.

For the second measurement, we see that 84% of MSMEs feel that the delivery of material from resource 2 is easy to understand, 8% consider it a bit difficult to understand, and the remaining 8% find it difficult to understand material 2.

## 4 Conclusion

Overall, this activity went smoothly, according to the target, and the enthusiasm of INTAKO MSMEs was also seen. The effectiveness of the activity is measured according to the data in the discussion. It is hoped that in the future this activity can be carried out in other places. For partners, they hope that there are other materials that can be taught to MSMEs so that they have skills beyond the material that has been given at this time.

**Acknowledgments.** We thank the Chancellor of the State University of Surabaya and the Chair of the Unesa LPPM who have supported the funding of this activity and for INTAKO SMEs, we hope that this collaboration will continue next year and students will benefit from this activity.

**Authors' Contributions.** Hujjatullah Fazzlurrahman conceived the main ideas and analysed the data. Tias Andarini Indarwati were in charge of the direction and overall planning. Riska Dhenabayu contributed to the data collection and sample preparation. Riska Dhenabayu and Hujjatullah Fazzlurrahman wrote the manuscript in consultation with Tias Andarini Indarwati.

## References

1. T. A. Darijat, N. Laely, Djunaedi, P. Vitasgoro, D. Rosita, and Abdul Rahmat. "The Analysis Of Marketing Strategies To Market Orientation To Increase Marketing Performance Of Leather Crafter Sme In Tanggulangin". *International Journal of Innovations in Engineering Research and Technology*, vol. 8, no. 1, Jan. 2021, pp. 14–21, <https://repo.ijert.org/index.php/ijert/article/view/7>
2. Aniyati, I., and L. Indayani. "The Effect of Market Orientation and Product Innovation on Marketing Performance Through Competitive Advantage As an Intervening Variable in MSME Bags in Sidoarjo". *Academia Open*, Vol. 8, June 2023, p. <https://doi.org/10.21070/acopen.8.2023.3888>, doi:<https://doi.org/10.21070/acopen.8.2023.3888>.
3. Yulianti, E., and I. Rodiyah. "The Effectiveness of INTAKO's Small and Medium Industry Revitalization Program in Sidoarjo Regency". *Indonesian Journal of Cultural and Community Development*, Vol. 13, Sept. 2022, p. <https://doi.org/10.21070/ijccd2022816>, doi:<https://doi.org/10.21070/ijccd2022816>.
4. M. Rizal, E. Maulina, and N. Kostini, "Fintech sebagai salah satu solusi pembiayaan bagi UMKM," *AdBispreneur J. Pemikir. dan Penelit. Adm. Bisnis dan Kewirausahaan*, vol. 3, no. 2, pp. 89–100, 2019.
5. J.-N. Barrot, B. Grassi, and J. Sauvagnat, "Sectoral effects of social distancing," *AEA Papers and Proceedings*, 2021, vol. 111, pp. 277–281.
6. T. T. Saraswati, N. H. A. Wibowo, G. Harwida, and others, "Implementation Implementation of Business Education and Digital Marketing Literacy to Improve Technopreneurship Competence in influencing strategies to maintain SMEs in the Pandemic Era," *J. Entrep. dan Entrep.*, vol. 10, no. 1, pp. 57–66, 2021.
7. Dunakhe, K. and Panse, C. (2022), "Impact of digital marketing – a bibliometric review", *International Journal of Innovation Science*, Vol. 14 No. 3/4, pp. 506-518. <https://doi.org/10.1108/IJIS-11-2020-0263>
8. M. Greenstone and V. Nigam, "Does social distancing matter?" *Univ. Chicago, Becker Friedman Inst. Econ. Work. Pap.*, no. 2020–26, 2020.

9. Z. Zuliyati, W. A. Triyanto, and R. T. Handayani, “Peranan E-Commerce dalam Meningkatkan Daya Saing Keuangan Inklusif UMKM di Kabupaten Kudus yang Berbasis Fintech,” *J. Akunt. Indones.*, vol. 10, no. 2, pp. 187–199, 2021.
10. Malik, P., Khurana, M., and Tanwar, R.. “Digital Marketing: Transforming the Management Practices.” *Transforming Management with AI, Big-Data, and IoT*, pp. 99–125. Springer, Cham, 2022. [https://doi.org/10.1007/978-3-030-86749-2\\_6](https://doi.org/10.1007/978-3-030-86749-2_6)

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter’s Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter’s Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

