The Influence of Digital Advertising as a Marketing Strategy on the Sales Level of Micro, Small, and Medium Enterprises in Manado City

Arsyad Arsyad[1], Ratih Hurriyati[2], and Heny Hendrayati[3]

[1,2,3] Universitas Pendidikan Indonesia, Bandung, Indonesia
arsyad01@upi.edu

Abstract. This study aims to examine the impact of digital advertising as a marketing strategy on increasing sales of Micro, Small, and Medium Enterprises (UMKM) in Manado City. The research approach uses quantitative methods, using SPSS 24 as a data processing tool. Data was collected through an online questionnaire distributed to 80 respondents who are alumni of the Digital Entrepreneurship Academy training program in Manado City. The sampling system was determined using the Krejcie-Morgan table. The research findings revealed that digital advertising, as a marketing strategy, has a positive and significant influence on the sales level of UMKM in Manado. This result emphasizes that digital advertising can be an effective marketing strategy for UMKM players in Manado.

Keywords: Digital Advertising, Marketing Strategy, Sales Level, UMKM

1 Introduction

Digital advertising is likely to increasingly replace traditional advertising with the emergence of new online channels and information technologies. This allows companies to target customers genuinely interested in their goods or services. An effective marketing strategy uses different advertising types, such as commercial advertising that encourages customers to buy something or subscribe and social advertising that appeals to people about unhealthy behaviors (vaccination, anti-drugs, road safety) [1]. We are surrounded by advertising. This interaction is unavoidable. Advertising is needed to raise awareness of goods and services. Marketers use every location and technique they can to attract consumers. [2] Advertising techniques have changed significantly over the past few decades, especially due to digitalization, which has opened up new platforms and settings for advertising messages. [3] How businesses operate has been drastically changed by these technologies, especially in how they promote their goods and services. [4] For many companies, online digital advertising has emerged as the most popular and profitable marketing strategy in the last ten years. [5] In advertising, audience research is key to direct communications to target groups that are attractive to advertisers. [6] In recent years, the digital advertising sector has seen tremendous expansion. [7] Global spending on digital advertising is expected to increase by 2.4% in

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2020 compared to 2019, totaling $332.84 billion, which is $36.11 billion lower than the pre-pandemic estimate, according to eMarketer. [8] Most businesses today rely on digital advertising and marketing tactics compared to previous types of advertising and marketing. [9]. Since digital advertising technology and the industry around it are evolving rapidly, there is not enough time for people to consider whether digital advertising, as it is currently structured, is beneficial to society in any way. [10] Digital marketing, according to the Institute of Digital Marketing, is using digital platforms to promote goods and services to targeted customers and businesses. There are four stages in marketing: the production era, the sales era, the marketing era, and the marketing company era. With the advancement of technology, digital marketing has evolved from traditional marketing. Since today's world is dependent on the internet, companies have started adopting digital marketing, which helps them reach target customers at a lower cost and with better conversion rates. [11]

Previous research states that digital advertising is a new option that replaces conventional, often ineffective advertising methods. Companies work with partners and customers to create, communicate, deliver, and maintain value for all stakeholders in a flexible and technology-supported process known as digital marketing. Many digital marketing approaches include content automation, social media optimization, social media marketing, influencer marketing, campaign marketing, email marketing, SEO, and SEM. According to [12], marketing can be interpreted as a process in which a company creates value for customers and builds strong relationships, so the goal is to capture value from customers in return [13]. To achieve effective integrated marketing goals, organizations must communicate concise and easily understood goals throughout the organization. The following questions should be the focus of the organization or company before implementing an integrated marketing communications strategy: increasing brand awareness of the organization or company, increasing revenue, and building and maintaining good relationships with customers [14]. According to Yuliantoro et al. [15], every company must have the right marketing strategy for its products to win the competition. Branding or branding is the most common marketing strategy used by business actors. In essence, a brand is a marketer's promise to deliver customers specific and consistent characteristics, benefits, and services. Customers' perception of a particular brand is called brand image. Brand reputation is very important to business owners because customers will look at their brand reputation before they buy anything.

Previous research results provide an overview that digital advertising provides positive benefits in branding products and services, such as the Attraction of Advertising in Attracting Target Audiences and the Influence of the Attraction of Media Convergence Advertising on brand awareness [16], as well as the influence of exposure to advertising on social media Youtube on advertising perception [17]. Research related to the Influence of Advertising Message Quality and Advertising Creativity on Advertising Attraction [18], as well as research related to testing whether product placement positively affects purchasing interest and whether brand awareness affects purchasing interest [19]. The studies above provide an overview that digital advertising greatly influences consumer purchasing intentions, so from the perspective of business actors,

it is necessary to study whether digital advertising as a marketing strategy has a positive effect on the sales level of alums of the Digital Entrepreneurship Academy (DEA) training whose participants are UMKM actors in Manado City.

2 Methods

This study is a quantitative and descriptive study with a survey approach to test the hypothesis about the influence of digital advertising as a marketing strategy on increasing sales of UMKM in Manado City with a population of 100 people who are alumni of the Digital Entrepreneurship Academy training who live in Manado City, the sample was determined using the Krejcie-Morgan table, and a sample of 80 people was obtained. Data were collected using a questionnaire designed to measure two variables, namely the independent variable (use of digital advertising, with indicators according to Yaser Nandini in [20] are accessibility, interactivity, entertainment, and trust) and the dependent variable (sales level, with indicators according to Swastha in [21] are: sales volume, profit, business growth, and customer growth. The data analysis technique used was simple linear regression with SPSS 24.

3 Result and Discussion

3.1 Results

The distribution of respondents in this study was based on the length of operation: 25 (31.3%), 6 years. Distribution of respondents based on number of employees: 1-5 employees as many as 25 (31.3%), 6-10 employees as many as 46 (57.5%), and >10 employees as many as 9 (11.3%). The distribution of respondents is based on digital advocacy to market products: 68 (85%) use and 68 (85%) do not. Distribution of respondents based on the number of digital platforms used: 1 platform 38 (47.5%), 2 platforms 27 (33.8%), 3 platforms 10 (12.5%), 4 platforms 5 (6.3%). Distribution of respondents 4 based on the duration of digital platform use: never 10 (12.5%), sometimes 18 (22.5%), every week 28 (35%), every day 24 (30%). Distribution of respondents based on the monthly budget used: Rp. 1,000,000, as many as 12 (15%). Distribution of respondents based on the effectiveness of using digital advertising: effective as many as 70 (87.5%), and ineffective as many as 10 (12.5%). The distribution of respondents based on the increase in sales after using digital advertising increased by 70 (87.5%) and did not increase as much as 10 (12.5%). Distribution of respondents based on the increase in sales due to digital advertising: no increase as many as 10 (12.5%), 30% as many as 12 (15%). Distribution of respondents based on brand visibility due to digital advertising: small, as many as 15 (18.8%); medium, as many as 23 (28.8%); large, as many as 42 (52.5%). The distribution of respondents was based on the increase in new customers, which increased by 80 (87.5%) and did not increase by as many as 10 (12.5%). Distribution of respondents based on brand loyalty due to digital

advertising: small, as many as 13 (16.3%); medium, as many as 21 (26.3%); large, as many as 32 (40%); and very large, as many as 14 (17.5%). Distribution of respondents based on the sustainability of using digital advertising: 67 (83.8%) continued, and 13 (16.3%) did not continue. Distribution of respondents based on challenges in using digital advertising: lack of knowledge as many as 14 (17.5%), not according to expectations as many as 15 (18.8%), high costs as many as 18 (22.5%), and tight competition as many as 33 (41.3%).

This study aims to test the effect of digital advertising as a marketing strategy on the level of sales of UMKM in Manado City. The data collection method was a questionnaire completed by 80 respondents who were alumni of the Digital Entrepreneurship Academy (DEA) training in Manado City. Furthermore, the collected data was processed using the SPSS 24 application to perform statistical analysis. The following are the results of the tests that have been carried out.

Table 1. Validity Test.

Variables	Correlation Coefficient	r-table	Information
Digital advertising			
X.1	0,696	0,219	Valid
X.2	0.621	0,219	Valid
X.3	0.663	0,219	Valid
X.4	0.791	0,219	Valid
Sales level			
Y.1	0,644	0,219	Valid
Y.2	0.694	0,219	Valid
Y.3	0.598	0,219	Valid
Y.4	0.708	0,219	Valid

Source: Processed primary data, 2024

It can be seen from the description in Table 2 that from all the question items, the digital advertising variable and the sales level variable show valid information, where the correlation coefficient value for all questions has a value above 0.219 (df = 78).

Table 2. Reliability Test.

Variables	Cronbach Alpha	Conclusion
Digital advertising (X)	0,664	Reliable
Sales level (Y)	0,641	Reliable

Source: Processed primary data, 2024

From the reliability test in Table 2 using Cronbach's Alpha method, the questionnaire is said to be reliable, or its reliability is positive because it is greater than 0.60. So, it can be concluded that the research instrument is reliable.

Table 3. Reliability Test.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.925	.367		5.250	.000
Tingkat Penjualan	.558	.086	.594	6.515	.000

a. Dependent Variable: Digital Advertising

Source: Processed primary data, 2024

From Table 3, a simple linear regression equation can be made, namely: Y = 1.925 + 0.558X1 + e (0.116). Furthermore, the interpretation of the equation above is as follows:

a = 1.925, is a constant value, which means that if the digital advertising variable is constant or there is no change, then the value of the UMKM sales level variable in Manado City is 1.925 units.

b = 0.558 is the regression coefficient value of the digital advertising variable, which means that if the digital advertising variable increases by 1 unit, the sales level variable of Manado City UMKM will increase by 0.558 units.
e = 0.116, which means the measurement error of this study is 0.116 units. The T-test is used to determine how digital advertising affects the level of MSME sales in Manado City.

The t table value is searched using df (degree of freedom) = n - k, where n is the number of samples, which is 80, and k is 1 because the independent variable in this study is one. Then df = 80 - 1 = 89 with a significance level of 0.05. Based on these calculations, the t table is 1.664. If t count> t table or the significance value <0.05, then H0 is rejected, and Ha is accepted. If t count <t table or the significance value> 0.05, then H0 is accepted, and Ha is rejected.

Table 4. Determination Coefficient Results (R2).

Model Summary				
Model	R	R Square	Adjusted R Square	St. Estimation Error
1	.594a	.344	.344	.29296
a. Predictors: (Constant), Sales Level				

Source: Processed primary data, 2024

From the results of the determination coefficient test (R2) in Table 6, it can be seen that the R Square value is 0.352 (or 35.2%), which means that the digital advertising variable can explain the variation in the sales level of UMKM in Manado City by 35.2%, while other variables outside the model explain the remaining 64.8% studied

3.2 Discussion

The influence of digital advertising on the sales level of UMKM in Manado City

The hypothesis that "digital advertising affects the sales level of UMKM in Manado City" is accepted, as evidenced by a significant value of 0.000 <0.05 and a calculated T value of 6.515> T table 1.664, so H0 is rejected, and Ha is accepted. This means that effective and efficient digital advertising efforts as a marketing strategy will significantly impact the sales level of UMKM in Manado City.

4 Result and Discussion

Based on the results of the research and discussion that have been described above regarding the influence of digital advertising as a marketing strategy on the level of sales of UMKM in Manado City, it can be concluded that digital advertising as a marketing strategy has a positive and significant effect on the level of sales of UMKM in Manado City, as evidenced by a significant value of 0.000 <0.05 and a calculated T value of 6.515> T table 1.664, then H0 is rejected and Ha is accepted. This shows that the better the digital advertising is carried out, the higher the level of sales of UMKM in Manado City will be.

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