

Digital Marketing as an Effort to Increase Sales Volume for Micro Small and Medium Enterprises Products in Kediri, Indonesia

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Abstract

Micro, Small and Medium Enterprises (MSMEs) management is generally done conventionally, including in marketing the product, so that the product is not widely known and the sales is low. Along with advances in information technology, bringing impact on the development of MSMEs in Kediri, one of which is the use of information technology as a marketing tool or known as digital marketing. If originally products are marketed conventionally with limited market share, by utilizing digital marketing MSMEs can reach a wider market share with efficient cost. For that reason it is necessary to examine the impact of the use of digital marketing to the sales volume of MSMEs products in Kediri. The study was conducted on 30 MSMEs in Kediri who have done marketing through digital marketing. The study design was descriptive observational. Data were collected using structural interviews and in-depth interviews, then the data obtained were analyzed using descriptive statistics and qualitative analysis. The results showed that the use of digital marketing such as e-commerce (Tokopedia, Bukalapak, OLX) and social media (Facebook, Instagram, WhatsApp, BBM, Line, YouTube) made a real contribution in increasing the sales volume of MSMEs in Kediri.

Keywords: Digital Marketing, Sales Volume, MSMEs

Introduction

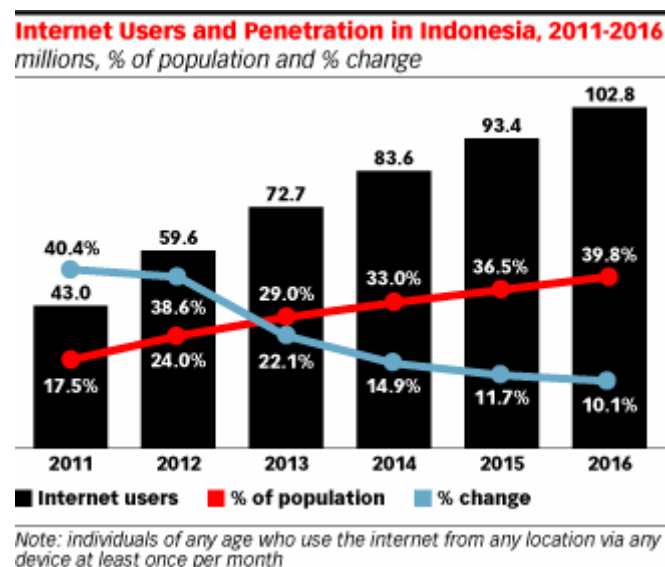
Marketing is the key to business. No matter how good the product is produced, in the absence of effective marketing, the product is unknown to the public, so the sales turnover is low and can not provide the maximum profit for the company. There are two marketing systems that can be done by the business, namely the traditional system and digital system. Traditional marketing systems are now beginning to be abandoned by modern business actors and replaced with digital marketing systems, as digital marketing systems have more extensive and cost-efficient marketing coverage.

The population of MSMEs dominates business in Indonesia. The existence of MSMEs proved to give a real contribution to Indonesian economy, for example in terms of providing employment and contribution to Product Domestic Brutto. *Kemenkop* (Ministry of Cooperatives and Small and Medium Enterprises) data shows that 99% of Indonesian business operators are MSMEs, and only 1% is a big business. Total employment absorbed by MSMEs reach 97,30% from total of national absorption rate. While the contribution of the MSMEs sector to the national economic growth is also very significant, by contributing 58.92% to Gross Domestic Product (Sindonews, 2016). The existence of MSMEs as the backbone of the Indonesian economy is expected to provide a deeper role in improving the nation's economy, despite the fact that currently MSMEs in general still have weaknesses that cause development is still not optimal, such as low human resources, poor product quality, less in mastery technology.

Business actors including MSMEs should follow the development of technology and information, one of them is to understand about digital marketing and try to apply it as part of marketing activities. This can be understood, because of the higher development of information technology and the level of community dependence on the use of smart phones and other digital devices. For that it is a necessity that every business must have to do digital marketing to be able to compete in the global and digital era.

The result of the survey of Internet Users Association of Indonesia (APJII), in 2011 the number of internet users in Indonesia as many as 43 millions people, in 2012 growing up to 59,6 million and in the last year 2016 increased amazingly to 102.8 million people. 80% internet users are people between 20 s.d 40 years old, and they include people who like shopping. The rapid increase of internet usage from year to year is caused by the ease of getting smartphones at prices that can be reached by all walks of life. Further survey results also note that most internet usage is for banking, business, information seeking, education and entertainment purposes. The most visited commercial content is online store, personal business and for social media are facebook, instagram and youtube.

Below are the statistics of internet users and penetration in Indonesia from year 2011-2016 based on eMarketer survey results.



Source: Results of eMarketer Survey, 2011-2016

Figure 1. Indonesian Internet User Statistics

The data above shows that the use of digital marketing in the form of social media and e-commerce in Indonesia is not a new thing anymore. According to Urban (2004) digital marketing is the use of Internet media and information technology to expand and improve the function of traditional marketing. The same opinion expressed by Sanjaya and Tiragan (2009), which states digital marketing is a marketing activity including branding that uses various web-based media such as blogs, websites, e-mail, adwords, or social networking. Seeing the rapid development of internet usage in Indonesia, digital marketing is a great opportunity that will leave the traditional and conventional marketing system based off line.

Internet users in Indonesia as much as 65% are on the island of Java, and one of them is the city of Kediri. Kediri city is one of the cities in East Java with the number of MSMEs approximately 30 thousand. There are several excellent products produced by MSMEs in Kediri, among others, tofu products and derivatives, batik, tenun ikat, food and beverages and handicraft. For the perpetrators of MSMEs in Kediri City, smartphone is not new things, because all have used smarphone as a means of communication and some have been used as a

means of promotion and transactions. Some MSMEs actors have been doing digital marketing either through social media or e-commerce. Social media used are facebook, instagram, whatsapp, blackbary mesengger, line and youtube. While e-commerce that has been used are Tokopedia, OLX, and Bukalapak. The question is how the implementation of the use of digital marketing and its impact on the sales volume of MSMEs products in the city of Kediri?

Research Purpose

Based on the background of the above problems, the purpose of this study is to determine the implementation of the use of digital marketing and its impact on the sales volumer of MSMEs products in the city of Kediri.

Benefits of Research

The results of this study are expected to provide benefits both theoretically and practically. Theoretically this research is expected to provide benefits for the development of science, especially in the field of digital marketing. Practically expected that the results of this study can provide input for the perpetrators of MSMEs in Kediri the importance of using digital marketing to increase sales volume.

Theoretical Frameworks

Marketing according to Kotler and Armstrong (2008) is an organizational functions and a series of processes to create communicating and delivering value to customers to manage customer relationships in ways that benefit the organization and stakeholders of the organization". Meanwhile, according to the AMA (2008) Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing is something that a business must do. Without doing marketing, then the product is not known by potential customers, so the company's goal to obtain maximum profit will not be achieved.

Kotler's marketing function (2008) includes: (1) providing information about products sold by the company; (2) influencing purchasing decisions; and (3) creating the economic value of a good. Thus it can be said that the key to the success of a business is how companies recognize the needs and wants of the target market and provide the expected satisfaction more effectively and efficiently than competitors.

In the development, marketing system experienced pergeseren from offline to online. Offline marketing is perceived to be ineffective and efficient to implement in today's era. Offline marketing systems require sellers and buyers to meet directly for a sale and purchase transaction, resulting in expensive marketing costs and limited marketing reach. In contrast to online marketing or better known as digital marketing where in conducting transactions do not need sellers and buyers should meet, because transactions can be done electronically. Definition of digital marketing by Sanjaya and Tarigan (2009) is a marketing activity including branding that uses various web-based media such as blogs, web sites, e-mail, adwords, or social networking. Meanwhile, according to Coveilli, Milley and Marcolin (2001), digital marketing is the use of the Internet and the use of other interactive technologies to create and connect dialogue between companies and consumers who have been identified.

Digital marketing can be done using social media and e-commerce. Social media is one form of development from the internet. Through social media, a person can connect with everyone who is in the same social media to share information and communicate. Social media has a more interactive nature when compared with traditional media forms such as radio and television. Through social media, we can directly interact with others, either through comments in 9 social media or by simply giving a mark like on every post someone. According to Andreas Kaplan and Michael Haenlein defining social media as a group of internet-based applications built on the foundation of ideology and web 2.0 technology and enabling the creation and exchange of user-generated content. Web 2.0 became the basic platform of social media. Social media comes in many different forms, including social networks, internet forums, weblogs, social blogs, micro blogging, wikis, podcasts, images, video, rating, and social bookmarking (Lesmana, 2012). Social media that is generally used is facebook, instagram, blackberry, whatsapp, youtube, e-mail, twiter, and others. E-commerce is the buying, selling and marketing of goods and services through electronic systems (Wong, 2010). Media electronic system that is referred by Jony Wong is television, radio, or computer network or internet. The commonly used e-commerce is tokopedia, bukalapak, sophie, OLX, and others.

According to Redtreeasia (2017) digital marketing is an attempt to market a brand or product through the digital world or the internet. The goal is to reach consumers and prospects quickly and on time. Digital marketing has several benefits (BisnisUKM, 2010), among others:

1. Not limited by time. Unlike an offline business, business marketing services via the internet can be accessed by consumers for 24 hours non-stop, because the internet has an automated system that can provide a quick response when there are orders and requests from consumers. So the demand for products from consumers, can be served anytime and anywhere as long as there is internet network.
2. Reach a wider market. Through internet business, products can be informed to all regions in the archipelago, even reaching overseas market.
3. Improve corporate image in the eyes of consumers. This can give more value to the business in the face of business competition.
4. Reduce marketing costs. Online marketing costs are relatively lower than offline marketing costs, because they have to make brochures, banners, banners, neon boxes, etc.
5. Enable business actors to establish relationships with consumers. With online marketing through the internet can be established interactive communication between consumers with business people, for example, through email marketing, suggestion box or coment room, and discussion forums between consumers.

Both offline and online marketing basically aim to maximize sales volume. Sales volume by Swastha (2008) is the amount of goods or services sold in exchange. According to Kotler (2000) sales volume is influenced by product quality, price, distribution channel and promotion. Companies need to maximize sales volumes, as sales volume affects earnings earned by the company and subsequently corporate earnings affect earnings. The result of Pradiani (2017) study concluded that the use of social media can increase the sales volume of processed products in Malang. Further research results identify social media is the most widely used in a row is Facebook, Whatsapp, Instagram, and Blackberry Messenger. The results of Udin's (2014) study conclude that e-commerce can be a solution in introducing and promoting herbal stores through online media, making it more widely known.

The task of business people, not to mention the MSME group is to provide the widest information to consumers about the marketed products, providing consumer convenience in

obtaining products and transaksasi. For that marketing strategy that efficiency and effectiveness is the determinant of business success. Cloete et al. (2002) in Asing-Cashman et al. (2004) suggests that the adoption of e-commerce into small and medium-sized enterprises depends heavily on people's acceptance of technology and for that reason it is necessary to understand the factors leading to the individual acceptance of e-commerce technology.

Research Methodology

1. Research design and research subjects

This research uses descriptive observational research design. As the subjects are the perpetrators of MSMEs in Kediri as many as 30 are selected by purposive sampling. The criteria of selected research subjects are: (1) MSMEs in Kediri City; (2) have used digital marketing in marketing the product for at least 3 months; (3) and willing to be the subject of research.

2. Source and data collection techniques

Data comes from primary data sources obtained by conducting structured interviews, in-depth interviews and observations. With interviews obtained data about the characteristics of respondents, social media used, benefits and barriers using social media. The data is supplemented by the observation of the perpetrators of MSMEs and the digital media used. The study was conducted during June 2017.

3. Data analysis techniques

After the data collected, then the data processed and analyzed using descriptive statistics and qualitative analysis. Descriptive statistics are used to analyze data by describing or delineating the collected data as is without any purpose of drawing conclusions for generalization. The data obtained is shown in table form. Qualitative analysis is conducted to reveal facts, circumstances, phenomena, and circumstances that occur when the study goes and serve what it is (Sanusi, 2011)

Results and Discussion

Based on the data collected from interviews and observations, the following are presented information about the characteristics of respondents, social media used, the benefits and barriers to the use of social media and the role of social media in increasing the sales turnover of MSMEs products.

1. Respondents Characteristic

Respondents in this research are MSMEs actors who have used digital media for marketing their products. Characteristics of respondents consists of characters by type of business and duration of business.

Table 1 : Character Subject Research Based on Type of Business

No	Type of Business	Number of Respondents	%
1	Food and Bavarege	14	46,67
2	Batik tulis	4	13,33
3	Tenun	5	16,67
4	Creative Industry	7	33,33
Total		30	100

Table 2: Characteristics of Respondents Based on the Length of Business

No	Length of Business	Number of Respondents	%
1	1 – 5 years	13	43,33
2	6 – 10 years	8	26,67
3	11 – 15 years	6	20,00
4	>15 years	3	10,00
Total		30	100,00

2. Digital Media Used

Digital marketing used by MSMEs actors in Kediri is through social media and e-commerce. The following is data about social media and e-commerce used by MSMEs in Kediri:

Table 3: Social Media used

No	Social Media Used	Number of Respondents	%
1	Facebook	30	100
2	Instagram	30	100
3	Whatsapp	30	100
4	BBM	8	26,67
5	Line	16	53,33
6	Youtube	5	16,67

Table 4: E-Commerce Used

No	E-Commerce Used	Number of Respondents	%
1	Tokopedia	30	100
2	Bukalapak	30	100
3	OLX	4	13,33

The table above shows the perpetrators of MSMEs in this study using digital marketing (social media and e-commerce) as a medium of information and communication activities of its business. Social media facebook, instagram, whatsapp, BBM, Line and Youtube are generally used to communicate with customers such as order, testimonial, and service complaints, while Tokopedia, Bukalapak and OLX e-commerce are used to display their goods digitally.

3. Benefits of Using Social Media

Table 5 : Benefits of Using Digital Marketing

No	Benefits	Number of Respondents	%
1	Means of communication with potential customers, consumers and customers	30	100
2	Means to introduce the product (brand building)	30	100
3	Knowing the needs and desires of consumers (market research)	24	80,00
4	Affect purchasing decisions (customer engagement)	20	66,67
5	Giving response to the consumer (Instant Feedback)	22	73,33
6	Monitoring customer progress	18	60,00
7	Increase market reach amount of sales	30	100
8	Efficiency and cost effectiveness of promotion	30	100

The perpetrators of MSMEs feel so much benefit obtained by using digital marketing, among others as a means to introduce products, communication with consumers, extend the reach marketing promotional costs. This is according to the results of research Pradiani (2017) which states that digital marketing is seen as the best media as a means of promotion of the most effective and efficient and able to increase significant sales volume. Similarly, according to Kartika (2013), states that social media member ease and opportunity for people to be able to connect online in the form of personal relationships, politics and business activities.

4. The role of Social Media in increasing sales turnover

Below is a statement of the perpetrators of MSMEs about the use of digital marketing that is considered most useful.

Table 6: Role of Digital Marketing In increasing Sales Turnover

No	The Benefits of Using Digital Marketing	Statement of MSMEs Perpetrators
1	Effective communication tools with potential customers, consumers and customers	"With social media, I can respond to customers without time and place restrictions, customers can contact me to order, submit complaints or expedition consultation materials whenever appropriate time customers want, recruit resellers from various cities can be reached only through social media and form a group Customers through Whatsapp or Line and BBM which is very easy to communicate with all resellers spread across the region in Indonesia "
2	Means to introduce the product (Brand building)	"By logging in to Whatsapp, Line, BBM, Facebook, Instagram groups further accelerate product introduction, with the help of hastag (#) eg"
3	Increase market reach and sales turnover	"With the social media, the customers that I get not only from Kediri region, my product can reach all over Indonesia and even get out of the country with the help of Shopee which provides automatic counting for overseas shipments and subsidized postage to the territory of Indonesia, the customer is given the ease And increased purchasing decisions as well as sales volume and turnover per month increased quite drastically after I promote the product through social media "
4	Efficiency and cost effectiveness of promotion	"Social Media is arguably the most inexpensive medium for promotion, just creating an account that is certainly connected with internet connection, very effective and efficient marketing capital, cheap, quick, easy compared to traditional marketing"
5	Knowing the consumers needs and wants (market research)	"After diligently stalking my account from similar products, I find it easier to know updates about what consumers now need and want, with hastags and trending topics also making me easier to analyze consumer needs and wants"

Based on the results of research shows that the perpetrators of MSMEs in the City of Kediri who are already using digital marketing already increased in order and sales of its products. Many benefits are felt after using digital marketing, including lower promotional costs, wider marketing reach, communication with consumers and customers more effective, and can know what consumers need and want. Interview results also show that the use of digital marketing is effective to increase product sales volume, as stated by the perpetrators of MSMEs that there is an increase in sales volume before and after using digital marketing.

Conclusion

Based on the above data analysis can be concluded that social media can be used to promote all types of MSMEs products. Of the 30 respondents of MSMEs used as samples, all using social media facebook, then instagram, whatsaap, and fuel. Social media is very useful for the perpetrators of MSMEs to introduce products to consumers, effective means of

communication with customers, monitor consumers/customers, respond to consumer complaints. Besides, by using social media transactions can be done where and whenever, payment transactions easy to do and of course can increase sales volume.

Suggestion

In the digital era as it is today, it becomes imperative for MSMEs actors to utilize the optimum development of technology and information. The perpetrators of MSMEs should be familiar with social media and e-commerce, because it is evident that social media and e-commerce can increase the sales turnover of MSMEs products.

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