



THE EFFECT OF THE APPLICATION OF DIGITAL MARKETING ON THE MARKETING PERFORMANCE OF COMMUNITY UMKM PRODUCTS IN PARI CITY VILLAGE, PANTAI CERMIN DISTRICT, SERDANG BEDAGAI REGENCY

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ABSTRACT

This study aims to analyze the influence of the application of digital marketing on the marketing performance of UMKM products in Pari City Village, Pantai Cermin District, Serdang Bedagai Regency. The benefits of research are expected that the public will soon start to carry out product sales activities through digital, in order to get the latest information about product innovation and increase sales volume. This research is a research with a qualitative approach. Data collection through field research and library research with a total sample of 30 people who have UMKM products and have been running for 1 year. The data analysis technique of this study uses simple linear regression analysis with the SPSS version 25 program. The results of this study show that there is an influence between digital marketing on the marketing performance of UMKM. The use of online facilities in terms of marketing, promotions and transactions will increase sales volume and have a positive impact on the income of these people.

INTRODUCTION

Competition in the business world is increasingly increasing both from the product, brand, and quality of the product. Although economic conditions are experiencing fluctuations, it does not reduce the competition that exists in business, business actors are increasingly actively competing in order to maintain their respective businesses that are being run. The current business competition of UMKM players is in line with advances in technology and science which provide many positive benefits and convenience in carrying out marketing activities for UMKM products. Marketing is a social and managerial process by which individuals and groups acquire what they need and want by creating and exchanging products and values with each other (Kotler & Armstrong, 2014). Marketing performance is something that is used to measure the success of the strategy that a company uses in marketing its products in the market. Marketing performance can be measured or assessed from data on the level of sales, increase in revenue, number of customers, or from other data that describes the extent of the success rate of marketing products or services of the company. UMKM products, which are the main source of income for most people, must design the right marketing, so that sales can experience a significant increase.

Micro, Small and Medium Enterprises are one of the potential businesses pursued by the people of Indonesia. Indonesia has great potential in improving the economy and providing jobs through the development of UMKM in each region. Currently, UMKM have produced many products that are marketed in the domestic and international markets. UMKM have quite good potential, because the UMKM sector contributes greatly to the absorption of labor. UMKM can absorb a lot of existing labor and can improve the



welfare of the workers involved in it so as to reduce the unemployment rate (Suci & Beta, 2017). UMKM must be able to try to meet the demands of people who tend to want fast service to their needs. One way to realize speed in service is to integrate the company's information system to make it more effective and efficient. When the company becomes more effective and efficient, it will increase the company's competitiveness in the business market so that the company will still exist (Sa'diyah & Mudiantono, 2015). The contribution of UMKM to the formation or growth of Gross Domestic Product (GDP) is the largest compared to the contribution of large businesses Cooperative UMKM, 2021). Micro, Small and Medium Enterprises (UMKM) utilize digital marketing to run their businesses. The increasing number of competitors is a consideration for business actors to innovate in winning the competition. The right marketing communication strategy is used to be able to grab the intended market share so that it can increase sales. (Febriyantoro & Arisandi, 2018).

Digital Marketing is one of the marketing media that is currently in great demand by the public to support various activities carried out. People are gradually starting to abandon conventional or traditional marketing models to switch to modern marketing, namely digital marketing. With digital marketing, communication and transactions can be done at any time and can be global or global. The benefits of digital marketing are increasingly felt for users who cannot be separated from this internet world. For example, internet marketers, bloggers, and also now online shops increasingly have a place in the eyes of consumers who are looking for certain goods. With the number of chat-based social media users that are many and increasing day by day, it opens up opportunities for UKM to in their market develop smartphone grips (Lucyantoro & Rachmansyah, 2017); (Nugraha & Wahyuhastuti, 2017).

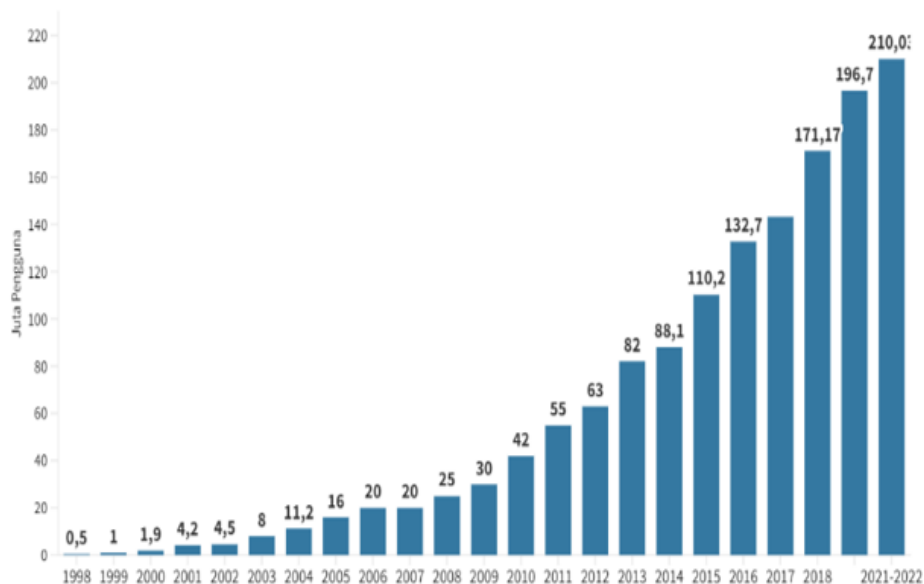


Figure 1. Number of Internet Users in Indonesia (1998-2022)
Source: Indonesian Internet Service Providers Association (APJII)

The number of internet users in Indonesia continues to increase every year. Based on the survey results of the Indonesian Internet Service Providers Association (APJII), there are 210.03 million internet users in the country in the 2021-2022 period. This number increased by 6.78% compared to the previous period of 196.7 million people. This also makes the internet penetration rate in Indonesia to be 77.02%. Looking at its age, the internet penetration rate is the highest in the age group of 13-18 years, which is 99.16%. The second position is placed by the age group of 19-34 years with a penetration rate of 98.64%. The internet penetration rate in the age range of 35-54 years is 87.30%. Meanwhile, internet penetration rates in the age groups of 5-12 years and 55 years and over are 62.43% and 51.73%, respectively. Based on their income level, residents with incomes above Rp5 million to Rp15 million access the internet the most. The penetration rate was recorded at 96.83%. The internet penetration rate in the revenue group is more than IDR 15 million at 88.53%. Then, the percentage in the group with income of more than IDR 1 million to IDR 5 million is 88.07%. Meanwhile, groups whose income is less than IDR 1 million are least exposed to the internet. The penetration rate was recorded at only 67.46%.



The people of Pari City Village, Pantai Cermin District, Serdang Bedagai Regency, mostly depend on the results of their business which is the source of their household income. So far, the marketing carried out by the community is still traditional, only a few are aware of the importance of technology. Some of these people are satisfied with their position as workers, because they do not want to take risks to create UMKM products from the potential results of the village. The need for knowledge to the community in product marketing through digital marketing so that the community can get maximum income and increase the growth rate for new UMKM in the village.

LITERATURE REVIEW

The implementation of business strategies in improving marketing performance includes sales growth, customer growth, and the success of the product. Marketing is a term used to describe news, entertainment, and advertising (B. J. Ali & Anwar, 2021). Marketing begins with understanding the needs and desires of consumers, determining which target markets the organization can serve well, and developing an attractive value proposition so that the organization can attract and grow valuable consumers (Kotler & Armstrong, 2018). Today's marketers want to engage customers and build deep customer relationships and make their brands a meaningful part of the conversation as well as consumer life (Kotler & Armstrong, 2018). In the digital age marketers have a set of online, mobile, and social media tools to engage customers anytime, anywhere to jointly form brand conversations, experiences, and communities. If marketers do these things well, they will reap rewards in terms of market share, profits, and customer equity (Kotler & Armstrong, 2018). Marketing strategy is one of the main efficient strategies that UKM adopt to improve performance (Amin, 2021). The influence of marketing strategies in an organization lies in the formulation of strategies for selecting the right customers, establishing relationships of trust with them and creating growth (Kariithi, 2015).

Micro, Small and Medium Enterprises or often abbreviated as UMKM are one of the important parts of the economy of a country or region, as well as the Indonesian state. Micro, Small and Medium Enterprises are small and medium-scale economic activities of the people and need to be protected to prevent unfair business competition. Small Business is a small-scale economic activity of the people, and meets the criteria of net worth or annual sales proceeds and ownership as stipulated in the Act (Arikunto et al., 2010). In accordance with the (Undang-Undang Nomor 20 Tahun 2008, n.d.) Micro, Small and Medium Enterprises, UMKM are defined as follows:

1. Micro enterprises are productive businesses owned by individuals and / or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or not a branch of a company that is owned, controlled, or is part either directly or indirectly of a Medium Enterprise or Large Business that meets the criteria for Small Business as referred to in this Law.
3. Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part either directly or indirectly with Small Businesses or Large Enterprises with the amount of net worth or annual sales proceeds as stipulated in this Law.

Digital marketing is marketing using the application of digital technology. One form of digital marketing using electronic media or the internet is internet marketing (e-marketing). E-Marketing is a marketing process that uses electronic communication technology, especially the internet. Digital Marketing or commonly referred to as digital marketing is a promotional activity for either a product or brand (Brand) that uses electronic media (digital). Currently, the development of technology makes it very easy for business people to do digital marketing, advertising can be done through blogs, websites, e-mails and various kinds of social media. E-Marketing or digital marketing is defined as the use of digital technology to achieve marketing goals as well as efforts to develop or adjust the marketing concept itself, be able to communicate in a global scope, and change the way companies do business with customers (Ali, H. 2013).

METHOD

In this study, the authors collected data through field research (Field Research). Field research is research carried out in a place or location chosen to research or investigate something that happens in that place (Fathoni, 2006). Direct research collects spaciousness data in order to obtain data related to the problem under study in the form of (1) Observation, namely research that directly observes the object under study, (2) Questionnaire / questionnaire, in this study a list of questionnaires is used that is distributed directly to people who have UMKM products in Pari City Village, and (3) Interviews are by conducting direct



interviews with interested parties to obtain data and information used in this study. Meanwhile, library research conducted in this study is a technique to obtain theoretical data or secondary data in research. Literature research is carried out by studying books, literature, official documents, notes and transcripts, which are related to research. Researchers took 30 respondents of UMKM actors who have been running for at least 1 year. This research approach uses a qualitative approach with a descriptive type of research, namely research that seeks to describe a symptom of an event that occurs at the moment where the researcher tries to photograph events and events become the center of attention to then be described as it is in the form of a description that provides a clear picture. Qualitative research is research that produces analytical procedures that do not use statistical analysis procedures or other quantification methods (Moleong, 2017).

RESULTS AND DISCUSSION

Results

Table 1. Anova

ANOVA ^a						
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	125.588	1	125.588	14.278	.001 ^b
	Residual	246.279	28	8.796		
	Total	371.867	29			
a. Dependent Variable: Kinerja_Pemasaran_UMKM						
b. Predictors: (Constant), Digital_Marketing						

Based on Table 1, it can be seen that the results show a significant value of $0.001 < 0.05$, indicating that there is an influence between Digital Marketing on the Marketing Performance of UMKM in the people of Pari City Village, Pantai Cermin District, Serdang Bedagai Regency. Digital marketing has far-reaching implications for the interests of different elements in the mix for many markets. Digital marketing provides a framework for comparing existing services with competitors and can also be used as a mechanism to generate alternative strategic approaches. Digital marketing is an activity that can shorten the supply chain and of course can reduce operational costs. By reducing operational costs, of course, it will have a positive impact both for the company and for users as consumers.

Table 2. Regression Coefficients

Coefficients ^a						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.674	2.596		2.956	.006
	Digital_Marketing	.551	.146	.581	3.779	.001
a. Dependent Variable: Kinerja_Pemasaran_UMKM						

Based on Table 2, the results of regression analysis tests can be columned regression coefficients, with regression equations, as follows:

$$Y = 7.674 + 0.551\text{Digital_Marketing} + e$$

It is known that the value of the constant is 7.674. This value can be interpreted if the Digital Marketing variable affects the Marketing Performance of UMKM, then the value of the UMKM Marketing Performance variable is 7,674. It is known that the value of the regression coefficient of the Digital Marketing variable is



0.551, which is a positive value. This means that when Digital Marketing increases by 1 unit, the UMKM Marketing Performance variable tends to increase by 0.551.

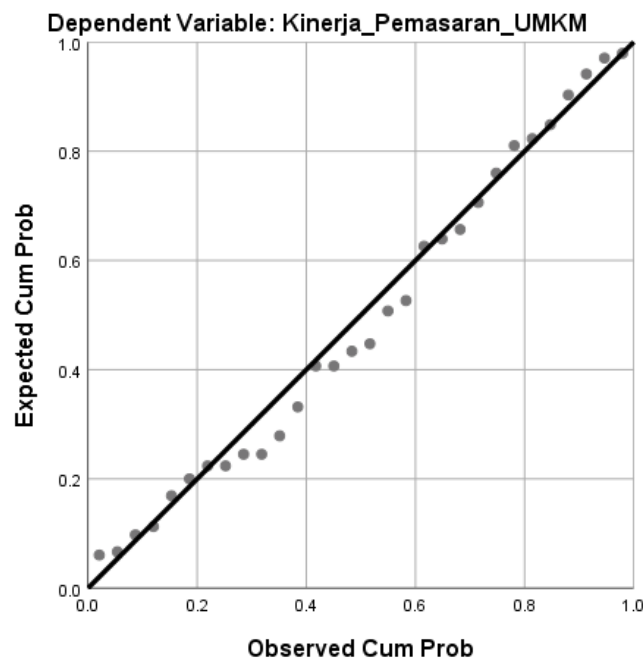


Figure 2. Number of Internet Users in Indonesia (1998-2022)

Based on Figure 2, it shows that the distribution of data is around the diagonal line and is not scattered far from the diagonal line, so that the assumption of normality can be met in this study test. The value of marketing performance of UMKM products will increase if the use of digital marketing is further increased in the community of UMKM actors in Pari City Village, Pantai Cermin District, Serdang Bedagai Regency. The results of the interview show that the use of online facilities in terms of marketing, promotion and transactions will increase sales volume and have a positive impact on people's income.

Discussion

It is hoped that the local government continues to provide guidance to the community of UMKM actors by providing opportunities for the community to be provided with facilities, ranging from workspaces to equipment needed for the digital-based marketing process. With some of this support, the UMKM community needs an appropriate marketing strategy. As you know, post-pandemic is still not 100% normal compared to before the pandemic, hal this is what gives special attention from researchers, regarding marketing strategies for the UMKM community with the concept of digital marketing strategies. By shifting marketing methods to digital marketing, it will certainly provide more benefits for the community of UMKM actors because the community will expand their marketing area. The large use of the internet and social media is a potential for the UMKM community to be able to take advantage of it. The results of the study found that there are several obstacles that occur when digital marketing is carried out, including:

1. Related to the ability of the UMKM actor community, which is still not used to the use of information technology for marketing their products.
2. There are many people who are UMKM actors who do not have the basic infrastructure to be involved in the digital ecosystem.
3. Geographical conditions that do not allow the community of UMKM actors to take advantage of information technology and the internet to market their products.

There have been many marketing and promotion tools developed by experts before, but in the context of marketing practices by the UMKM community, it requires the ability and support of the government to live it consistently. Digital marketing is the right marketing strategy in entering direct marketing, using online marketing channels, social media, and mobile.



CONCLUSION

All UMKM actors in Pari City Village, Pantai Cermin District, Serdang Bedagai Regency, stated that the use of digital marketing helps them inform and interact directly with consumers. UMKM players said that the use of digital marketing expands their market share, increases awareness for consumers because of UMKM players and increases sales. Its marketing is also considered more effective and efficient. However, most of the UMKM actors have not felt the benefits of digital marketing, so it is an important note for researchers and especially the local government to be able to overcome the obstacles faced by these communities so that digital marketing can be carried out as a whole.

This research was carried out well thanks to the help of various parties, for this reason, the researcher thanked the entire community of UMKM actors, especially to the Pari City Village, Pantai Cermin District, Serdang Bedagai Regency, for facilitating the needs in this research.

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