

The Study of Natural Material Crafts MSMEs in Optimizing Digital Marketing: Opportunities and Challenges

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ABSTRACT

The corona virus pandemic has tremendous impacts on MSMEs creative industry in general and natural material craft. The decline in local, national, and international market demand, cancellation of orders, purchasing power decline of the people and restrictions on mobility in tourism areas have had tremendous impacts. The flexibility and pliability of the handicraft industry players were again tested like previous economic crises. Although the current situation is more severe, the access for MSMEs of natural material craft industry is still open. Some adjustments must be made even better at the policy level, including the implementation of health protocols that must be expedited. These adjustments need to be realized immediately because they will accelerate the recovery phase which is projected to take place in the future. The ability to adapt and transform into a force for the future and the importance of understanding digital literacy and Iot is very important. Digital marketing literacy as an adaptation effort in less economy contact is a necessity, especially for natural material craft business actors to continue to survive in their creative and innovative works. This research was conducted by exploring literacy and implementing digital marketing both with secondary data and primary data in several areas of Central Java that have the potential for natural material handicraft businesses. In this article, we will look specifically at the city of Semarang. The results of the descriptive analysis show that the majority of natural material craft business actors in the city of Semarang already have good digital marketing literacy, but the ability of human resources is not evenly distributed in optimizing the benefits of digital marketing. There are still obstacles in some ways including the making of display designs in digital marketing in order to make them more attractive and the time limit in managing platforms that have been created, which become challenges in responding to the current situation to help MSMEs survive in the midst of the recent business situation.

Keywords: Craft, Marketing Digital, Pandemic

1. Introduction

The pandemic has affected various financial and business sectors for 1.5 years, since the beginning of 2020. The government's recommendations to implement health protocols, such as maintaining distance, avoiding crowds, and staying at home have had a huge impact on the economy and business.

The MSME sector is one of the worst sectors affected by the policy. Almost all MSMEs choose to switch their business to other fields, and there are also many others that stop their production due to the loss of the market. The severe impact does not only occur in the upstream but also downstream, that is the loss of markets that supply raw materials as well as the loss of markets for selling finished products. The effects are the decrease in the production and also the purchasing power of the people. If the impacts are seen further, then during the pandemic period, the tourism sector is the sector that is suspended. The failure of the tourism sector indirectly becomes a domino effect for MSMEs as the wheels of the creative economy.

MSMEs that utilize natural raw materials become one of the small sectors of MSMEs that are experiencing severe challenges to survive during the pandemic. Various ways are applied to survive in difficult times, not only relying on expertise, talent and creativity, but they also require other aspects in the process.

During the pandemic, one of the best ways to survive is to pursue an adaptation process by utilizing information technology. The challenge in adapting is also not easy because MSME actors with natural raw materials must seek adaptation of changes in people's behavior, namely digital transformation. The challenge of digital transformation for MSME actors is to change the process of conventional traditional marketing into digital- based marketing.

This condition is important to be studied by the MSMEs in utilizing digital technology to expand the market, encourage the economy, and have a major impact on economic growth especially natural raw materials MSME actors in Semarang area, Central Java.

2. Literature Review

2.1 Digital Marketing

Internet, web and digital media have developed rapidly since the 1990s and have transformed into media for marketing and business purposes (Chaffey & Chadwick, 2016). Advances in technology are the key words in the digital marketing process. The initial process of technology development is only used for computing needs, then develops and enters the marketing area. Through innovation process, Technology has evolved to become a major power in digital marketing. (Ryan & Jones, 2020)

Digital marketing focuses on behavior change, where marketing is not just selling products, but also ideas, attitudes and behavior. (Kotler, Kertajaya, & Setiawan, 2017)

This kind of marketing techniques can influence public opinion so that it can encourage better new behaviors that have an impact on improving the quality of life, which finally encourages the progress of society as a whole. (Down, 2013)

2.2 Social Media

Social media refers to the various platforms available on the Internet. This platform provides an opportunity for users to create business profiles and promote content. Social media platforms are designed to help individuals, institutions such as MSMEs and large companies to inform about their product services. (Leong, 2021)

Indirectly, social media has changed the market behavior, where internet users do not only get the market statistics but can also get analysis related to consumer behavior and its demography.

The 4P model in marketing namely Product, Price, Place and Promotion can be easily applied in the form of digital marketing through social media. (Kingsnorth, 2016)

There are many social media platforms; each platform has its own market share. Each platform shows a unique way of interacting. Platform users need to allocate time, budget and also effort to manage each content; therefore it becomes interesting and competitive in the digital market. (Funk, 2013)

3. Research Methodology

This research is about the condition of MSMEs with natural raw materials in Semarang-Central Java, focusing on MSMEs that optimize the use of digital media in product marketing. Qualitative descriptive method was used in this study, involving 25 respondents in Semarang area. All respondents are willing to be interviewed in the field and they provide information through a questionnaire.

The interview process directly explores information about the business and also the optimal use of digital marketing. There are 16 variables used to provide a description of MSMEs information on natural raw materials and their relation to the use of digital marketing. In addition to the main data, it is also equipped with additional data as a complement to the results of interviews with MSME actors.

The qualitative descriptive results were processed in the form of data tables and descriptive recordings were done to each partner encountered in the field. Descriptive results from partners include documentation as an integrated part of the research method carried out. The result of the description is the primary data used in this study. Meanwhile, secondary data was obtained through observation through internet media and additional data sources to complete and strengthen the primary data. Secondary data has been verified through comparison with primary data obtained from the interviews.

Due to the focus of this scientific article on digital marketing, the discussion presented is very specific related to digital marketing, including the availability of information such as images, videos, and documents about products. The availability of digital communication, the availability of tools and media transaction, and service assistance to customers are also variables that are examined in the study. Optimal use of digital technology for marketing such as presenting new information, testimonials from customers, easiness in finding products, and strengthening product image are also the main focus of this research.

4. Results

4.1 The Profile of Natural Raw Materials MSMEs

Based on the study of the profile of MSMEs, most of them are MSMEs that are managed independently (92%), and the ownership of the business is the business actors of the MSMEs (Figure 1). Ownership can occur from generation to generation in the family. Most of them have skills in the field of art, have talent and also creativity in expressing their work in the form of handicrafts production from natural raw materials.

As many as 52% of the total respondents are MSME actors who are still new in the business of natural raw materials, and the rest are MSME actors who have experience and have faced business dynamics for more than 5 or even 10 years (Figure 2).

Figure 1. Respondent Position

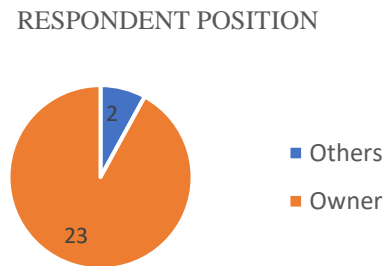
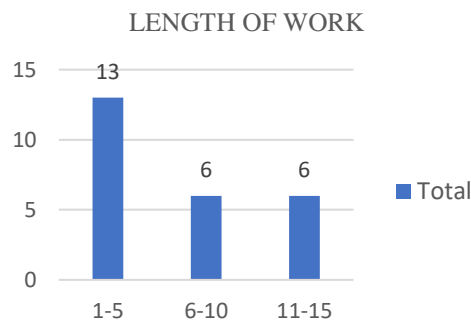


Figure 2. Business Length



The MSME actors studied are mostly small and micro-scale MSME actors where 40% are small businesses and the rest are micro businesses (Figure 3). The average of the education levels for MSME owners is various, from junior high school up to postgraduate level. Although it is included in the category of small and micro businesses, it involves a workforce around 1-5 as much as 72%, 20% between 6-10 workers, and 8% has quite a lot of workers 16-20 (Figure 5). In the survey, on the average, workers are recruited from their own family members (wife/husband or children), closest neighbors and few of them use professional workers because of operational cost reasons.

Figure 3. Business Category

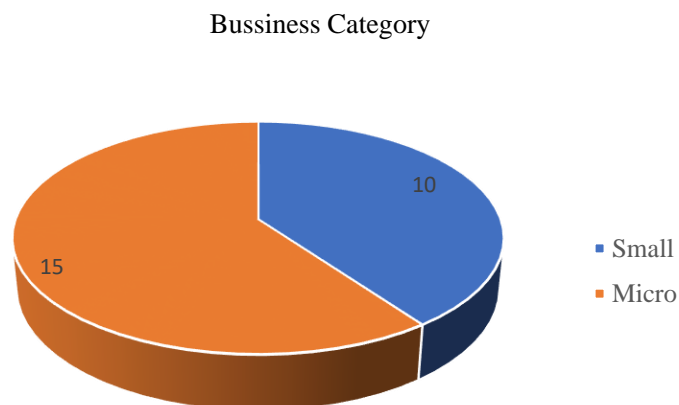


Figure 4. Education Level of MSME Actors

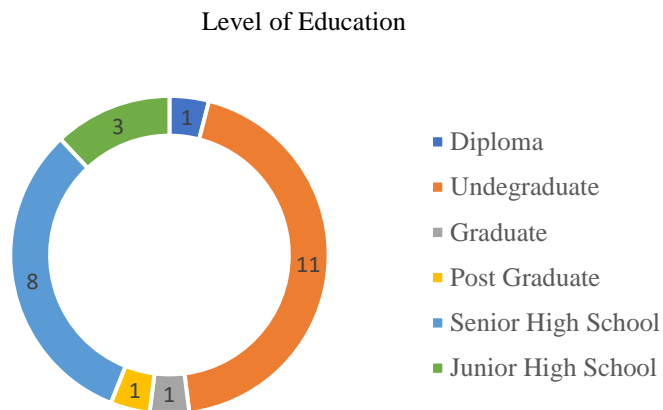
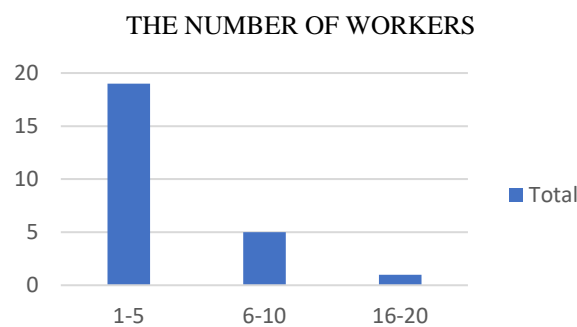


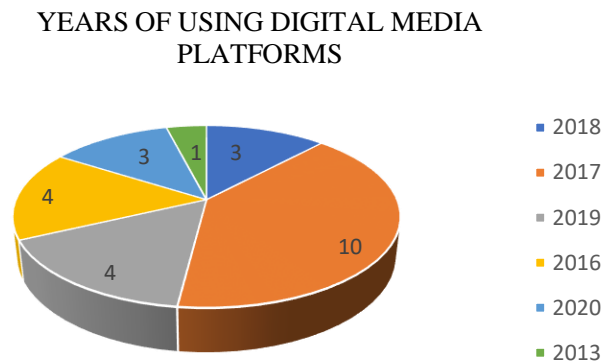
Figure 5. Total Workers



4.1 Digital Marketing

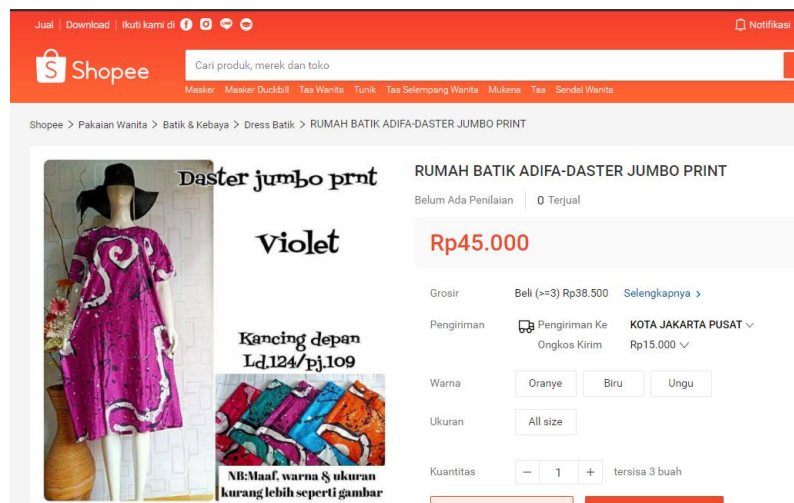
From the 25 profiles of MSMEs natural materials that innovate in marketing using digital platforms, on average, they have been using them since 2013 to the latest in 2019 as shown in Figure 6. On average, MSME actors use digital marketing to inform their products in the form of photos, attractive product designs, followed by information that provides guidance for customers when visiting digital platforms.

Figure 6. Years of Using Digital Media Platforms



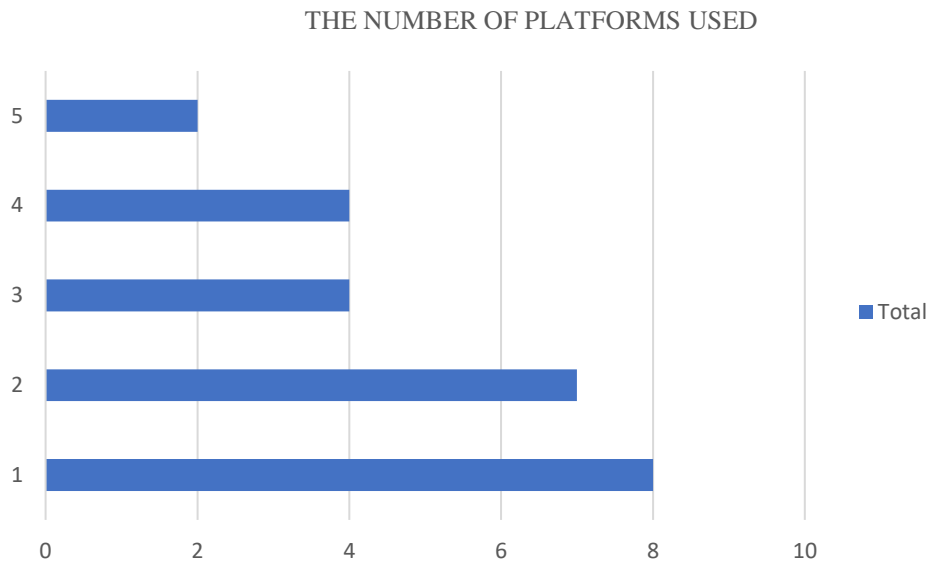
The thing that is quite interesting is that some of the MSMEs in natural raw materials have entered the market place that provides a place for product sales transactions. There are interactions between MSME actors and customers, such as responding the customers who give product testimonials or who want to order custom products and giving special offers for customers based on a certain sales volume.

Figure 7. Market Place of MSME actors with Natural Raw Materials



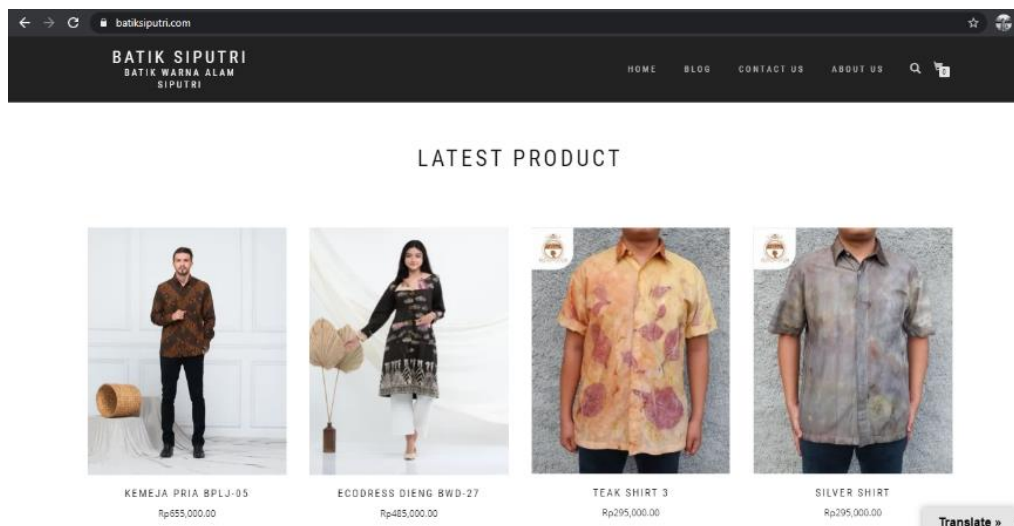
When viewing the results of primary data obtained from the field, MSME actors that use natural raw materials use at least 1 platform for digital marketing. However, there are also MSME actors who use up to 5 platforms as shown in Figure 8. The results of the research show that social media such as Instagram, Facebook, YouTube occupy the highest position in the use of platforms for digital marketing. Meanwhile, large market places such as Shopee, Tokopedia, Blibli and Lazada occupy the marketplace used by natural raw materials MSME actors in Semarang area.

Figure 8 The Number of Platforms Used



From the MSME actors studied, the secondary data shows that some of them have developed websites independently. The independently managed websites provide information about the products being sold: the descriptions, visual images, and also price. The websites also provide standard information such as contact numbers that can be contacted and emails for ordering. Even the websites of MSME actors also provide information about online payment methods. The content displayed is also managed seriously: providing the latest products, various payment methods, and even recording customer testimonials as a form of service to customers (Figure 9).

Figure 9 Website of MSME with Natural Raw Materials : BATIK SIPUTRI



4. Discussion

Digital marketing requires challenges and opportunities that are really open for MSMEs with natural raw materials in marketing their best products. Digital marketing opens up opportunities for MSME actors to:

- Provide complete information related to the products that customers look for, contacts that can be reached, and even electronic transaction services.
- Develop competition with other products. Customers are given a wider choice to compare quality and price before doing the transaction.
- Get product promotion easily with very low marketing costs. All communication is done digitally, from giving offers until responding to customer complaints.
- Form new customer networks from existing customers. Existing customers can help the process of distributing information to new customers so that the market becomes wide open.
- Doing product branding because every digital process will leave a relevant message to the following visitors.
- Shorten transaction time because the entire order, delivery and payment process can be easily done digitally.

The biggest challenge for natural raw materials MSME actors in digital marketing is how to improve digital literacy for MSME actors to be able to improve digital skills and also digital communication. For digital skills, MSMEs need to improve their technical capabilities in making maximum use of digital devices to support marketing efforts. Whereas for digital communication, MSMEs with natural raw materials need to know the flow and process of information, understand messages, and communicate effectively with other people in various forms.

6. Conclusion

To maintain the marketing sustainability of natural raw materials MSME natural raw materials, creativity and innovation are needed in seeing marketing opportunities. MSMEs must be able to take a role in digital marketing because in the era of industry 4.0, it is inevitable that everything is digitally connected.

The COVID-19 pandemic has been going on for 1.5 years and it has changed the marketing landscape drastically from conventional/traditional ways to digitalized ones. The advantages of digital marketing such as cost efficiency and also process effectiveness are the main strengths for marketing that cannot be found in conventional markets.

The challenge of digital marketing is not easy because it requires integrated efforts, synergies and also collective efforts of the MSME actors themselves. Challenges and opportunities can be collaborated in a balanced way; therefore, it is expected to be able to encourage the MSME sector to be better.

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