

Study Of Challenges Faced In The Adoption Of Digital Marketing MSMEs In Banyumas Regency, Indonesia

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ABSTRACT

This study focuses on the problems faced by MSMEs in adopting digital marketing. This research is survey research with respondents from micro and small entrepreneurs in Banyumas Regency. Data was collected using questionnaires, in-depth interviews, observations and Focus Group Discussions (FGD). Based on the results of the analysis, it can be identified three main problems faced by MSMEs in Banyumas Regency, there are low level at digital literacy, MSMEs not have people to handle digital marketing, and still a reluctance to allocate funds specifically for internet needs.

Keywords: Digital Marketing; MSME's; Problems Identification

1. Introduction

Marketing in the current era of technological development has changed many things in human life. Currently, many things can be done just by moving your finger on your cellphone. This is an opportunity as well as a challenge for today's business actors to do marketing.

Micro, Small and Medium Enterprises (MSMEs) currently have a strategic role in Indonesia's economic development. This important role of MSMEs can be seen from data from the Ministry of Cooperatives and SMEs in 2019, where MSMEs contributed to Gross Domestic Product (GDP) of Rp. the number of MSMEs reached 65,465,497 MSMEs throughout Indonesia which created jobs for 119.562.843 people or almost 45% of the population.

Digital marketing can be a solution to overcome the problems of product marketing and declining sales experienced by MSMEs, but switching from direct marketing to digital marketing is one of the toughest challenges for MSMEs because many are not used to using this marketing media (Musa et al., 2016). The shift from direct or conventional marketing also requires considerable energy, because the use of digital media as a marketing medium requires a high commitment, especially in content creation and research that needs to be done so that marketing through digital media can be carried out effectively. Marketing through effective digital media will be able to make MSMEs able to interact with consumers who have become customers and have a large enough probability to get new consumers who are interested or get solutions to problems faced

with products or services offered by MSMEs. Digital media has a great influence on consumer responses to products and brands (Sehar et al., 2019), moreover the use of digital media is included in low-cost media but can be effective for marketing so that it is suitable to be applied to MSMEs (Shanmugam & Chlarence, 2018).

This research was conducted to analyze some of the problems faced by MSMEs in marketing through digital media. The research was conducted on MSMEs which are plasma from the Berkah Rindang Kinasih Cooperative (BRK) Banyumas Regency.

2. Literature Review

2.1 Digital Marketing

Digital marketing is the use of the internet as a technology that can connect two-way communication between the company and consumer. Digital marketing makes it easy to promote sales, such as the heavy use of social media used by marketers. Digital marketing extends a wide reach and can be done cheaply. The existence of digital media has become means for consumers that can be used to disseminate information in the form of text, images, audio, and video with multiple parties, both between company to consumers or consumers on company (Kotler, 2012). Basically, the concept of digital marketing is to utilize various media available on digital platforms such as social media, e-commerce sites, and others. Digital marketing can reach all people, anytime, by means of anything, anywhere. Of course, it's far superior compared to conventional marketing which limited time, location, and reach of consumers.

2.2 Micro, Small and Medium Enterprises

Based on Government Regulation number 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small and Medium Enterprises as a derivative regulation of Law number 11 of 2020 concerning Job Creation, MSMEs are divided based on the classification of business capital and annual sales results, namely:

- Micro business is a business that has a business capital of a maximum of Rp. 1,000,000,000 (excluding land and buildings for business premises) and has annual sales of a maximum of Rp. 2,000,000,000.
- Small business is a business that has a business capital of more than Rp. 1,000,000,000 up to a maximum of Rp. 5,000,000,000 (excluding land and buildings for business premises) with annual sales of more than Rp. 2,000,000,000 up to a maximum of Rp. 15,000,000,000.
- Medium business is a business that has a net worth of more than Rp. 5,000,000,000 up to a maximum of Rp. 10,000,000,000 (excluding land and buildings for business premises) with annual sales of more than Rp. 15,000,000,000 up to a maximum of Rp. 50,000,000,000.

One of the most important roles of MSMEs in the economy is to be able to provide a stimulus to the Indonesian economy. The character of this role can be seen in the ability of MSMEs to continue to adapt to the progress of the times and the ability to adapt better to the environment compared to large companies. For example, during the economic crisis in Indonesia in 1997 and 2008 (Nurfarida et al, 2021). This crisis has resulted in major businesses going bankrupt one by one because the prices of raw materials, especially those that have to be imported, have increased drastically and debt has increased as a result of the exchange rate of the rupiah against the dollar continuing to fall. Many large companies also have to close or stop their business because they

can no longer afford to pay higher bank interest rates. In contrast to MSMEs, most of them survive and even the number tends to increase.

3. Research Methodology

3.1. Research type

This research is a qualitative descriptive study. Qualitative descriptive is describing, describing, comparing data and circumstances and explaining a situation in such a way before drawing a conclusion (Sugiyono, 2014). In this study, a qualitative approach is used to find answers to deep questions that cannot be realized with numbers.

3.2. Research object and subject

The subjects of this research are micro, small and medium enterprises which are members of the Berkah Rindang Kinasih cooperative (BRK) Banyumas Regency. The object of this research is to analyze the digital marketing problems faced by MSMEs.

3.3. Data collection

Sources of data in this study obtained from primary data and secondary data. Primary data were obtained from questionnaires distributed to respondents, results of interviews, and results of discussions. Secondary data is obtained from literature studies of books, research that has been carried out previously, and publications of other competent parties.

3.4. Data analysis

Qualitative data will be analyzed with interactive model analysis techniques consisting of data collection, data reduction, data presentation, data quality test, and drawing conclusions.

4. Results

Based on the 22 people who became respondents in the study, all respondents were female with an age range of 27-54 years. The fields of business carried out by respondents are mainly in culinary, crafts, and fashion. The duration of the respondent's business starts from 1.5 years to 24 years. These MSME actors have known and have regularly used social media as a medium for marketing their products for a period of 1 year to 5 years.

Based on the results of the research conducted, it can be concluded that 68.2% of respondents stated that the use of digital media was easy in terms of understanding the use, ease of remembering about how to use social media, ease of achieving goals, and ease of understanding and understanding the instructions for use provided by these social media platforms. In addition, 95% of respondents strongly agree that digital media provides tangible benefits for their interests, namely in terms of product marketing being wider, easier, and very effective to do. However, these benefits and conveniences are still constrained by a lack of understanding of technology, which limits their use.

A total of 17 people also believe that the ability of digital media can meet and support their product marketing content needs as well as the ease of uploading videos and photos of their products. This is in line with the respondents' answers during the interview process regarding the positive effects

in business, namely being able to expand relationships, expand consumer networks, reduce promotional costs, consumers become more enthusiastic about buying products, can interact directly with consumers, and other positive impacts. .

From the data obtained, respondents agree that digital media has a positive impact on their business, making their business more advanced and developing, and able to expand consumer networks. For that they welcome the emergence of this social media. With the existence of social media, it is a renewal of how to market products that were previously carried out directly by sellers, has now turned into digital marketing. They will also continue to maintain the use of digital media for marketing purposes in the future because for business actors social media is very profitable in terms of cost, time, and energy.

5. Discussion

MSME actors feel that the use of digital media has many benefits and ease of use, but there are some problems they face related to this digital marketing. Some of the obstacles expressed include age constraints that make them unable to learn the development of digital media quickly and in accordance with consumer desires, consistency constraints because digital media demands consistency in their platforms, and there is an understanding among MSME actors that to achieve good results. both in digital marketing, it requires no small amount of costs such as by advertising or using the services of a third party. These problems need to be given a solution by both MSME observers and the government. The government can provide training facilities for MSMEs intensively and massively, as well as providing convenience in regulations to support the development of MSME digital marketing.

6. Conclusion

Based on the explanation in the previous section, it can be concluded that there are several problems faced by MSMEs in dealing with the development of digital technology today:

- Low level of digital literacy
- There are no employees/workers who specifically handle marketing through digital media
- MSMEs have not prepared special costs to focus on digital marketing. Most of them are still using the features at no cost.

Further research can further examine what MSMEs can do to be more effective in using digital media and analyze the needs of MSMEs in order to increase their level of digital literacy.

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