

UTILIZATION OF DIGITAL TECHNOLOGY IN DEVELOPING MARKETING STRATEGIES FOR MSME PRODUCTS

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ABSTRACT

In current era, digital technology is very familiar to people of all ages. Utilizing digital technology effectively can have a positive effect on its users. One is applying digital technologies to generate promotion for MSME actors' business products. This study intends to assess the role of digital technology in the development of marketing management for small and medium-sized enterprise (SME) products. This study employs a qualitative, descriptive methodology. The results of the study indicate that the digital marketing strategy of micro, small, and medium-sized enterprises (MSMEs) does not immediately replace conventional marketing, but rather strikes a balance between online and offline activity. The exchange between digital and conventional marketing methods signifies a transition in marketing strategy, from segmentation and targeting to customer community confirmation, brand positioning & differentiation to personality clarification and brand codification. This research also reveals various digital marketing tactics, including 1) the use of Influencers or KOL; 2) the use of Social Media Ads; 3) Google My Business; 4) Search Engine Marketing (SEM); 5) Email Marketing; and 6) the use of the TikTok app.

Keywords : Digital Technology; Digital Marketing; Marketing Strategy; Micro Small and Medium Enterprises.

INTRODUCTION

The Fourth Industrial Revolution (4.0) brings internet connectivity to factories and factory floors. In the corporate world, things are shifting as a result of the changing climate, and with the advancement of IT, competition has increased across all sectors (Irfani et al., 2020). The term "Industry 4.0" refers to a sector of the economy that merges traditional manufacturing with information and communications technologies. Included in this category are the Internet of Things (IoT), cloud computing, and cognitive computing, all of which contribute to the larger trend of automation and data interchange in corporate technology (Bambang & Diaz, 2020).

By embracing digital marketing, small and medium-sized enterprises can participate in the Fourth Industrial Revolution. The American Marketing Association (AMA) defines digital marketing as "the activities, institutions, and processes that utilize digital technology to create, communicate, and provide value to customers and other stakeholders" (Kannan, 2017). Morris (2009), on the other hand, says that digital marketing is simply the application of the internet and IT to the promotion and

development of more conventional marketing activities. Due to consumers' increased propensity to keep up with the latest technological trends, businesses increasingly rely on digital media (Raharja & Natari, 2018).

Measurement or benchmarks for the effectiveness of a strategy are just one of many ways in which digital technology excels over traditional marketing approaches (offline marketing) (Nursatyo & Rosliani, 2018). With the use of digital technology, business owners can more easily track consumer preferences and meet their needs. In contrast, prospective buyers can look for and learn about products solely through exploring the online world (Sulaksono, 2018).

Indonesia is a developing country with various types of diversity in terms of religion, ethnicity, customs, and culture spread throughout the unitary territory of the Republic of Indonesia (Sumarni et al., 2020). In the field of economy and administration, all kinds of diverse businesses, and the creativity of the Indonesian people, we should unite all these components into a single unit to be able to compete in the face of the industrial revolution 4.0, which is increasingly dynamic and dramatic (Bakhri & Futiah, 2020).

As we all know, MSMEs are a sector that has a significant role in the national economy. Various previous literature notes related to its existence, which survived even in times of economic crisis (Nugrahani, 2015). In (Amri 2020) it is also explained that MSMEs in Indonesia have now begun to recognize and take advantage of technological advances regarding computerization power and artificial intelligence to shift to more environmentally friendly materials of all types. For the sake of creating cheap, abundant, and sustainable resources, MSME actors are required to prepare themselves by creating new things through new technology and energy (Budiarto et al., 2018).

The micro, small, and medium-sized enterprise sector in Indonesia is now a vital part of the country's economic structure. In addition, it is widely recognized that 99 percent of Indonesian businesses are micro, small, and medium enterprises. Small and medium-sized enterprises (SMEs) are responsible for 60% of the country's GDP and 97% of the employment gains made possible by the epidemic (Ferdinandus & Kuhuparuw, 2022). On the other hand, only 16% of existing MSMEs are part of the digital economy ecosystem. The micro, small, and medium-sized enterprise (MSME) sector is an integral part of Indonesia's economy. During the economic crisis of 1998, it

became clear that the MSME sector made a significant beneficial contribution to rescuing Indonesia's economic ecology (Arianto, 2020). The micro, small, and medium-sized enterprise (MSME) sector showed similar resilience during the Covid19 epidemic (Windusancono, 2021)

Marketing management strategy is considered an essential component that can control the success of product acceptance to the broader community, but many still consider it trivial (Sudarsono, 2020). The lack of attention from MSME actors related to marketing strategies can cause many MSME businesses to falter, especially in difficult times such as the Covid-19 pandemic. Although the quality of the product produced is good, if a product cannot be marketed properly, it will not produce a selling value for the product (Gunartin, 2017).

To get results quickly and precisely in the digital age, it is necessary to employ marketing techniques based on digital channels (Ascharisa, 2018). Small and medium-sized enterprises (SMEs) that take advantage of the internet, use social media, and build their e-commerce capacities stand to reap substantial financial, employment, innovation, and competitive advantages (Naimah et al., 2020).

In creating successful digital MSMEs, it's important to think about aspects like product quality, output capacity, and computer knowledge (Sule & Siswanto, 2021). Small and medium-sized enterprises (SME) need to think about these three aspects to ensure the longevity of their online ventures. In addition, collaboration with netizens, the vast majority of whom are millennials, is essential for the growth of digital SMEs. This population can be enlisted with the help of reseller strategies to aid in the growth of digital MSMEs. Buzzers, influencers, and followers are three categories of online users (particularly millennials and Gen Zers) who might be approached to collaborate on a project (Fuadi et al., 2021). Also, government assistance, especially simple licensing, is crucial to the success of the digital MSME development program. For better connectivity, the most important factor for digital SMEs.

METHOD

Method is a method of work that can be used to obtain something. While the research method can be interpreted as a work procedure in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., Amin, N. N., 2018:113). The research methodology employed is the qualitative descriptive technique.

According to Moleong (2000), the objective of this descriptive study is research that is described in the form of descriptive words and not numbers, so that the data obtained serves as the key to the research conducted. Bogdan & Taylor in Moleong (2017) define qualitative approaches as research techniques that generate descriptive data in the form of written or spoken words from individuals and observable behavior. This type of descriptive study with a qualitative methodology is seen as more helpful and significant in absorbing problems associated to the research topic (Sugiyono, 2011). Then, data is collected through interviews and documentation. This study's data analysis model is interactive. In interactive analysis, gathered data is read, evaluated, and analyzed, and then abstraction is performed. After abstracting, the data are organized into units while validity data are checked. The last phase is data interpretation.

RESULT AND DISCUSSION

All types of businesses and businesses, both large and small, need a marketing strategy as the basis for marketing activities. The marketing strategy does not only focus on how to make a profit but also focuses on building a product/service brand. In practice, marketing strategies must always follow trends to follow the flow of consumer needs and desires within a certain period. The digital era is no exception as it is today. It is no secret that business competition in the digital era is getting tougher. Every business and business is competing to get the attention of consumers. Ease of access and content competition is key to marketing in the digital era. Therefore, it is necessary to know some marketing strategies that can compete in the digital era (Hariyanti & Wirapraja, 2018).

Marketing strategies are the practical ways that have been analyzed to carry out the marketing process. The marketing strategy must go through various analytical processes, such as targets and activity plans. This analysis process is carried out with comprehensive strategic planning and marketing research (Yeni et al., 2019).

In the previous marketing concept, the preparation of a marketing strategy always starts with market segmentation, which is then sharpened with Targeting so that it can get a strong Brand Positioning as well. In marketing concept 4.0, segmentation and targeting must still be done as the foundation of a marketing strategy. However, in the digital marketing concept, the relationship between brands and consumers is on a horizontal line that must be transparent, where consumers are connected and connected

in a community. In this digital marketing concept, the community is a new segmentation. In contrast to segmentation, consumers have naturally formed the community based on their awareness. So to be able to interact effectively with the consumer community, a brand must seek permission and wait for confirmation from the community. Shifts also occur in brand positioning. Previously, a positioning was set to position the difference between one brand and its competitors; the digital marketing concept states that brands must be more dynamic due to fast technology, shorter product cycles, and rapid trend changes so that a brand must be more flexible in dealing with changes but must still have a consistent character (Krisnawati, 2018).

The marketing mix in the previous marketing concept was known as the 4Ps: Product, Place, Price, and Promotion. It has been determined by the company, although based on the needs and desires of consumers who are sought by marketing research, then it is determined and packaged by the company so that it becomes a compelling marketing mix for the company or brand. In the digital marketing concept, determining the marketing mix must involve consumers more so that it can be redefined into 4C, namely Co-creation, where a product can be launched by involving consumers from the idea process to execution so that the products offered by the company or brand become more in line with the needs and desires of consumers. The place becomes Communal Activation, which provides a touch point between consumers and brands and builds easy access through anyone's channels for consumers to access brands. Such as the concept of peer-to-peer distribution so that the distribution process becomes easier and faster. Price the price in the previous marketing concept was determined by the company; in the digital marketing concept, the price becomes more dynamic because of the ease of technology. Lastly, in the marketing mix of the digital concept is promotion; if in the last marketing concept, promotion was a one-way activity made by the company for consumers, in the digital marketing concept, promotion was shifted to Conversation, where a brand can get direct responses from consumers related to its promotional activities. Promotional activities can become more dynamic, like a conversation (Musfar, 2020).

Digital marketing does not replace traditional marketing in Marketing 4.0. In the present day, they coexist. Both have complementary responsibilities, particularly along the customer journey or path. In the digital environment of today, the consumer journey

has evolved. Previously, the customer journey was recognized through the AIDA idea, which stands for Awareness, Interest, Desire, and Action, and later evolved into the 4A concept, which consists of Aware, Attitude, Act, and Act Again. According to Kotler's Marketing 4.0 idea, this consumer journey is now comprised of 5As: Aware, Appeal, Ask, Act, and Advocate. Traditional and digital marketing can coexist on this new consumer route (Krisnawaty, 2019).

From these points, it can be judged that the implementation of marketing strategies is getting easier along with the development of technology. Businesses and businesses that compete in this era must be competent in using digital media to attract consumers, the majority of whom have made transactions *online*. Almost all businesses and businesses, whether carried out by gen X, millennials and Z, large and small, have implemented *digital marketing*. SMEs are no exception.

According to Law No. 20 of 2008 pertaining to MSMEs, an MSMEs is a small business owned and managed by a wealthy individual or group. According to information from the Ministry of Cooperatives and MSMEs, there are presently 64,2 million MSMEs. Of this sum, MSMEs have contributed 61.07 percent, or 8,573.89 trillion rupiah, to the country's gross domestic product. 12 million of the 64,2 million MSMEs have entered the digital economic ecosystem. The government recognizes this opportunity by instituting a "go digital" program for small and medium-sized enterprises. This program is designed so that all MSME actors in Indonesia can utilize digital gadgets. The government does not play games while encouraging SMBs to use digital technologies. The rationale for this is because 30 million MSMEs will be included in the program by 2024. This is because the development of the digital era is accelerating, and the only way to survive is for all MSME actors to begin operating their enterprises digitally (Marlinah, 2020).

The significant difference in the marketing strategy of MSMEs before and after the digital era lies in the media. If the marketing strategy in the digital era uses more electronic devices *online*, then before this era happened, MSMEs used only traditional media such as *word of mouth* and advertisements in print media and were still sold in traditional shopping places. Marketing strategies before the digital era also tended to pursue sales targets. Therefore, the platforms or media used do not vary. This is

different from marketing strategies in the digital era, which want to achieve sales targets and increase *awareness* and *branding* of the business itself.

Some marketing strategies for utilizing digital technology include:

1. Using Influencers or Key Opinion Leaders (KOL)

In the digital era, hiring influencer services or KOL is one of the most prevalent marketing strategies. Especially if it weren't for the influencer's influence and his imaginative product/service promotion. The viewpoint or voice of an influencer becomes his ability to communicate something. Influencers are evaluated based on the impact they have on their following. In marketing, social media users draw extensive attention to an advertised product or service. These products/services are regularly used to increase trust. In contrast, a KOL is an expert in a specific subject who actively uses social media to convey his opinion on a topic. The legitimacy of a KOL's viewpoint is enhanced by his competence and skill in particular subjects. The community will have more faith in the utilization of KOL if your product or service aligns with their expertise.

An influencer marketing approach or KOL offers numerous benefits, including a high level of brand awareness and the ability to reach more consumers. In marketing strategies with influencers or KOL, however, there are often special costs associated with the target, therefore the process of picking influencers or KOL must also be examined so that the target is not misidentified. To utilize the services of an influencer or KOL, you can email them a proposal or invitation to collaborate. Typically, influencers and KOLs include a business email address on their social media profiles and bios.

2. Social Media Ads

As culture shifts, social media is no longer only a place to show off slick product photography. You can also promote marketplace and business websites by linking to them from your social media profiles. Advertisements on social media platforms represent the path forward. Using social media ads allows a business to "pick up the ball" and reach users on those platforms who may or may not be familiar with it. Our company's bank account information isn't something that everyone can just stumble upon by chance. However, random business account posts are created on social media platforms like Instagram and Facebook. Therefore, social media ads will assist

businesses in being noticed multiple times and appearing on the accounts of people using the same search algorithm as our firm.

3. Google My Business

We might also use Google in addition to utilizing various social media platforms. Google My Business is one of the marketing tactics that Google offers to people in the business world. Consumers will have an easier time finding complete information about a company by using the Google My Business function, which was developed by Google. This information contains your address, contacts, operation hours, website for your business, as well as reviews written by customers about your company. Google My Business enables businesses to have their locations automatically pinpointed on Google Maps.

4. SEM (Search Engine Marketing).

A strategy for internet marketing that makes use of search engines like Google, Bing, Yandex, and Yahoo Search is referred to as "Search Engine Marketing," or "SEM." Google, on the other hand, is by far the most well-known and widely used search engine. How does SEM work? Displaying search results for terms that are acceptable or linked to products or services is how search engine optimization (SEO) works. On the first page that is displayed by the search engine, in addition to photographs and prices of products or services, the website of the company will be shown. At this point, there are no transaction fees that we have to pay to search engines. The Pay Per Click (PPC) strategy is utilized by SEM. This means that we will be required to pay a fee each time a user clicks on the website of your company. These payments are tallied up over a number of cycles, with the total amount determined by the quantity of PPC gained.

5. Email Marketing

Another marketing strategy that we can use for business is email marketing. Email marketing is an email that we send to consumers about business information. Example; notification of promotions, sales, or new products/services. For some people, email marketing is often considered spam, especially for consumers who do not care about email. However, a study by McKinsey & Company stated that email marketing was 40 times more effective at getting consumers from other social media. This

effectiveness is triggered because email marketing can reach the consumer's realm in their email inbox.

The study also states that 59% of consumers are still willing to subscribe to a *newsletter* or email marketing. 65% of consumers can also get discount coupons from email marketing. Email marketing targets can be aimed at consumers who already have an account on our business website or marketplace consumers who have ordered products/services. If you want to implement email marketing, then we have to use specific tools such as MailChimp. Even though it is relatively easy because there are tools available to manage it, MailChimp has the disadvantage that it can only send 2000 emails per month.

6. TikTok

One of the most up-to-date digital marketing strategies is TikTok. Like Instagram and Facebook, we can directly create a business account on TikTok and share videos related to products/services. Through these videos, we can display product/service information. Because it is in the form of a video, we can explain more detailed information such as how to use or create related products. As user needs develop, starting in 2020, TikTok has made optimization of advertising features (*ads*) called TikTok for Business. The way it works is the same as Google Ads, where you can create ads through various options. You can choose from at least four kinds of video options in TikTok for Business.

- Pre-roll ads: video ads that start when the user first opens the TikTok app
- In-feed ads: Video ads when a user scrolls through a *TikTok* feed
- Promoted hashtag challenges: videos that encourage TikTok users to use hashtags specific to your business
- Branded effects: special effects filters on TikTok videos that display your business brand information

In implementing a marketing strategy with digital technology, we also need to pay attention to the following steps:

- Build strong relationships with other MSME actors. Join discussion groups or social media with other MSME actors who can be a place to share information, knowledge, and other needs. Not everything about competitors is negative.

- Try to build cooperation with consumers other than in the form of buying and selling. Currently, many MSME owners are used as resource persons for entrepreneurial seminars. We can offer sponsorship in this form. Besides being able to introduce business, we can also be known by the broader community as MSME actor who is *humble* and has qualified knowledge.
- Share marketing content relevant to the trends that consumers are interested in. Following current trends and discussions is a must for implementing marketing strategies in the digital era. Consumers will be interested when a business is actively following and discussing things that interest the broader community.

CONCLUSION

The implementation of digital technology in marketing strategies results in a hybrid approach that combines online and offline tactics. In order to become relevant and generate consumer engagement, marketing with online media needs to be supplemented by offline material that has a human-to-human touch. The application of marketing strategies for micro, small, and medium-sized enterprises (MSME) products in Indonesia can be made easier with the help of digital technology. With the right digital technology, micro, small, and medium-sized enterprises (MSMEs) can develop profitable operations with very little initial investment. The commercial reach of micro, small, and medium-sized enterprises (MSMEs) can be expanded with the use of digital technology, going from being limited to the immediate area in which the MSMEs operated to becoming much more all-encompassing. The following is a list of some marketing tactics that may be implemented for micro, small, and medium-sized enterprises (MSME) products by employing digital technology: 1) utilizing Influencers or KOL; 2) utilizing Social Media Ads; 3) utilizing Google My Business; 4) utilizing Search Engine Marketing (SEM); 5) utilizing Email Marketing; and 6) utilizing the TikTok app.

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