

DIGITAL MARKETING CHANNELS IN MICRO, SMALL AND MEDIUM ENTERPRISES IN SURABAYA CITY

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Abstract: This research was conducted to determine the extent to which digital marketing was adopted by Micro, Small & Medium Enterprises (MSMEs). In addition, it also analyzes the factors that influence the use of digital marketing channels in MSMEs. This study is qualitative research that explores individual perceptions. The data collection method used structured interviews. The object of this research is MSMEs in the city of Surabaya. Determination of the research sample using the purposive sampling technique. Digital marketing has a positive impact on the marketing activities of MSMEs. The perceived positive impact is in terms of flexibility and efficiency. With digital marketing, marketing activities can be done anywhere and without bringing products to be shown to consumers. This is very helpful for MSMEs in their marketing activities. Digital marketing can also reduce the costs incurred for marketing activities. However, digital marketing requires an internet connection, and respondents stated that the expenses incurred were for internet quotas or internet subscriptions.

Keywords: *digital marketing, communication channels, social media*

1. Introduction

We are now entering the digital era; almost all daily activities are done digitally. Starting from simple moves to complex activities already using technology. The development of technology and science affects the growth of technology. Digitalization has become a part of daily human life. Digitalization changes the behavior of interactions between humans. Part of digitization is social media and the internet. Social media has an impact on changing consumer behavior (Kaplan & Haenlein, 2010). Consumers spend a lot of time interacting with social media (Nielsen, 2012). In addition to using social media, consumers also often search for products, prices, product providers, and so on. Consumer behavior explains that the use of digital channels is essential for development. The activities of consumers who use the internet will significantly assist Micro, Small, and Medium Enterprises (MSMEs) in introducing products to consumers. However, there are still many MSMEs that do not use the potential of digitization.

Some literature states that digitalization in its various forms has a positive relationship to small business growth, performance, and competitiveness. Digital marketing and social media provide opportunities for MSMEs to attract new customers and reach existing customers efficiently. The use of digital marketing will run smoothly if accompanied by internet connection support (Shideler & Badasyan, 2012). Having an internet connection can also reduce marketing costs (Chong & Pervan, 2007) and facilitate communication internally

and externally. This is in line with research conducted on 12 small businesses in the United Kingdom, the social aspect of the network (web) can increase efficiency and increase external communication (Barnes et al., 2012).

In reality, MSMEs marketing is far behind from big companies. Digitalization will add to the challenges for MSMEs. Some literature says that traditional marketing theory does not apply to MSMEs (Reijonen, 2010). MSMEs marketing techniques are more informal, reactive, and spontaneous (Gilmore et al., 2004), and there is a large gap between marketing activities in MSMEs and the best marketing practices proposed in marketing theory (Parrott et al., 2010). MSMEs have a focus on sales and aim to create product awareness to consumers (Reijonen, 2010). MSMEs that apply marketing planning can become one of the keys to the success of MSMEs marketing (Parry et al., 2012). Research related to the use of new technology in MSMEs has been carried out by several researchers (Carroll & Wagar, 2010; Chatzoglou et al., 2010), but knowledge of how MSMEs utilize digital channels in marketing requires more profound understanding. According to research conducted, it is stated that 90% of small businesses in Sweden use websites and e-mails to market their products, but many of the small businesses in the early days of digital channel usage and later use of digital channels are still low.

Digital Marketing

Digital marketing is a new approach in marketing, not only traditional marketing driven by digital elements (Liu et al., 2011). While digital channels can be classified from various points of view. One way to organize digital media is to present them according to which party controls the communication (the company or the target consumer) and whether the communication is one-way or two-way.

One Way Communication Channel

Websites and email are among the one-way online tools with a high degree of control by companies. A company website can be described as the home of a brand in the online environment. Email can be used for various marketing activities, including information sharing, promotion, building and maintaining customer relationships, and directing customers to a product's website.

Two Way Communication Channel

The progress and increase in the use of social media have changed the pattern of customer-seller relationships (Hennig-Thurau et al., 2010). This requires that marketers take the form of two-way communication with customers. So naturally, on social media channels, companies have less control over their brands. In social media, audiences do not expect sales promotions and marketing messages but expect factual information about brands on social media (Weinberg & Pehlivan, 2011).

Activities using the internet can positively impact companies, namely increasing customer attention, building solid relationships, and increasing satisfaction in general. Social media is a tool for building brands and relationships with customers (Taiminen & Karjaluo, 2015). The use of social media can also increase sales (Rishika et al., 2013). Another finding says differently, in 7,000 consumers in America, Britain, and Australia (Spenner & Freeman, 2013), marketers place too much emphasis on social networking with their customers. But customers have a low interest in having a social relationship with their marketers.

Support and Barriers to the Use of Digital Marketing in MSMEs

In the early stages of business establishment, MSMEs will usually immediately adopt digital channels. However, MSMEs are slow adopters (Bordonaba-Juste et al., 2012), unlike large companies, which are quicker to embrace digital media (Barnes et al., 2012). In previous research, it was stated that the adoption of digital marketing in MSMEs was influenced by internal perspectives (company specifications, strategies, behaviors, and experiences) and external perspectives (infrastructure and environment).

The research was conducted during the Covid-19 pandemic. Activity restrictions (working from home) force people to do buying and selling activities using digital marketing with internet access. MSMEs also carry out this activity to survive. With such conditions, have MSMEs in Surabaya been doing digital marketing optimally?

2. Research Method

This study uses multiple case studies; the main focus is not on generalization but on gaining in-depth knowledge about a particular phenomenon. The data were obtained from two phases; the first was through semi-structured interviews through surveys. The purpose of the discussion was to collect information related to MSME digital marketing activities, use of digital channels, and experiences in adopting digital media.

The research object was selected based on the purposive sampling technique. The things used in this study are SMEs that apply digital marketing but do not fully adopt digital marketing tools in their marketing activities.

The analytical methods used in this study are two main approaches to text analysis in interviews, namely the grounded theory approach and content analysis. Both approaches are basically a set of techniques for identifying categories and themes and linking these concepts into substantive and formal theories (Glaser & Strauss, 2009). The distinguishing aspect between the two is how articles are identified.

The basic theory approach follows inductive coding, which allows themes to emerge from the data. The content analysis approach follows deductive coding, starting with an existing theme. Current studies use a mix of basic methods and content analysis because specific themes already exist from the literature, while some emerge later from data analysis. Interview transcripts will be read carefully and repeatedly. Data is organized by looking at all responses to critical questions to identify consistency and differences.

3. Results and Discussion

3.1. Results

This study conducted an assessment related to the use of digital marketing channels by MSME actors and the benefits obtained by MSME actors. The utilization of digital marketing channels is assessed in terms of flexibility, efficiency, consumer coverage, and information conveyed. Sales using digital marketing can make sales activities easier. It can even do other activities while managing sales activities.

Flexibility

Flexibility is one of the positives of using digital marketing. This is following what was stated by respondents AS, EV, and RE.

"Very flexible, I don't need to carry samples everywhere to market."

The US's initial statement (noema) as an informant interpreted that digital marketing was excellent in flexibility. But in a later opinion (epoche), the US strengthens digital marketing is beneficial in sales.

"I can sell anywhere, while working and while raising children, I can still sell."

Furthermore, the statement of consciousness (noesis) from AS becomes noesis that arises from experience at a specific time and place.

"Previously, I used OLX, Facebook, marketplace, Whatsapp. I used to use Instagram but now it's not active. Because I'm already busy with work, I'm already overwhelmed when I use a lot of social media. Anyway, online sales make it easy for us to sell which can generate additional income."

Intentional analysis shows that US experience in selling online from 2013 reveals that selling online through digital marketing can be done while getting other work done. In addition, the eidetic reduction from a US phenomenological study interprets digital marketing as more accessible online sales activities.

Next, the statement according to EV regarding the flexibility of digital marketing.

"Online selling is more flexible."

EV's initial statement (noema) as an informant interpreted online sales by applying digital marketing to be very flexible. But in the following statement (epoche), EV strengthens digital marketing is beneficial in sales.

"I'm still in college too, so I have to be able to make time. If you sell a model like this (online) you can do it anytime, after college or during class hours to receive orders."

Furthermore, the statement of consciousness (noesis) from EV becomes noesis that arises from experience at a particular time and place.

"Sales promotions use WhatsApp and Instagram, only those on Instagram rarely post because they are confused about what to write in the caption."

Intentional analysis shows that just as the EV experience in online sales through digital marketing is very flexible, it can be done while studying. Eidetic reduction from the EV phenomenological study interprets digital marketing as making online sales activities easier for students at the student level.

Furthermore, a statement according to RE regarding the flexibility of digital marketing.

"Sales can be made at any time."

RE's initial statement (noema) as an informant meant that digital marketing was very flexible. However, in the following statement (epoche), RE strengthens digital marketing to help promotion because it uses social media.

"Sales use social media WhatsApp and Instagram. Many requests for products that were originally a baby shop (baby needs) then a lot of requests. Because using social media is easy, even though there are many requests because you don't have to stock up on goods."

Furthermore, the statement of awareness (noesis) of the RE becomes noesis that arises as a result of experience at a specific time and place.

"Online makes working hours more flexible because there is no need to visit consumers. All you have to do is take your order, pack it, then send it."

Intentional analysis shows that as RE's experience in online sales through digital marketing is very flexible, it can be done without meeting consumers. Eidetic reduction from the RE phenomenological study interprets digital marketing as making online sales activities easier.

Efficiency

Next is in terms of efficiency, which emphasizes the costs incurred in digital marketing. In accordance with what was stated by several respondents who stated that activities using digital marketing were very efficient. According to the US, they are:

"I'm only part of selling, packing is the supplier. So I only give biodata and complete address of the buyer."

The US initial statement (noema) defines efficiency in digital marketing as an activity that does not require a complicated process. The epoche statement confirms that digital marketing provides operational efficiencies.

"Consumers only need to see the goods and contact the seller online, without the need to meet face-to-face."

Next, a statement of consciousness from the US that becomes noesis:

"There is no need to meet with consumers anymore, consumers just need to contact them via chat or telephone if they want to order or complain. Thank God there have been no complaints about the product."

Intentional analysis shows that as the US experience shapes the meaning of efficiency, it is not necessary to meet face-to-face when selling. Eidetic reduction from the US interprets the efficiency of digital marketing as making it easier to cut activities.

Next, EV's statement regarding efficiency in digital marketing:

"Digital marketing can make it easier to sell products using social media."

The noema EV statement defines efficiency as a way to make sales easier, however, in epoche's statement that digital marketing through social media has a positive impact.

"We only need to use WhatsApp as a promotional and marketing medium to consumers. Save more on promotion costs. Just pay for the internet."

Next, the conscious statement of the EV that becomes noesis:

"I sell while studying. Selling using social media can be used for anything. You can even sit down and take orders and process orders."

Intentional analysis shows that EV defines efficiency as something that can make it easier to make sales and reduce costs incurred for sales or promotions. Eidetic reduction, namely efficiency, can improve sales performance and increase profits. The next statement regarding the efficiency of the RE is:

"To sell online, you only need Rp. 50,000,- for a one-month package"

The initial statement (noema) of RE meant that digital marketing was cheap. In the next statement (epoche), RE strengthening digital marketing is very helpful in sales.

"Using social media is good, just using quota, you don't need to meet people. There are no transportation costs."

Furthermore, the statement of awareness (noesis) of the RE becomes noesis that arises as a result of experience at a certain time and place.

"When I go to college, I have a class schedule, so I can't sell at any time to meet consumers. So just chat on WhatsApp or Instagram. So you can still monitor and respond"

Intentional analysis shows that RE that online sales with digital marketing can be made remotely while doing other work that can minimize the costs incurred. Eidetic reduction, namely digital marketing, has an efficient nature that can cut processes and reduce costs. The next statement regarding the efficiency of EF is:

"With social media, consumers gradually increase, many who see posts finally follow and continue to buy."

EF's initial statement (noema) means that digital marketing can reach consumers in a wide area. In the next statement (epoche), EF confirms digital marketing is very helpful in sales.

"Information about products will reach consumers faster. No need for paid advertising. Just write it on social media captions."

Furthermore, the statement of consciousness (noesis) from EF becomes noesis that arises as a result of experience at a certain time and place.

"Can make product stock because product turnover is faster (for pastry products)."

Intentional analysis shows that EF shows that online sales with digital marketing can easily promote products through social media. Eidetic reduction, namely digital
The next statement regarding the efficiency of ES is:

"Digital marketing is important, it's also useful for attracting customers."

The initial statement (noema) of ES means that digital marketing can attract customers to buy products. In the next statement (epoche), EF strengthens digital marketing, which is very helpful in promoting or introducing products to consumers widely.

"I can post product pictures on Instagram and tag them to university accounts so they can be seen."

Furthermore, the statement of consciousness (noesis) from EF becomes noesis that arises as a result of experience at a certain time and place.

"To display products, you only need photos and premium editing applications, no need to physically display them in the storefront. It doesn't cost much either."

Intentional analysis shows that ES interprets digital marketing in terms of efficiency, namely the ease of product promotion with low-cost photography applications. Eidetic reduction, namely digital marketing, has an efficient nature that can market products easily and with a wide scope.

3.2. Discussion

The respondents observed in this study indicate that the statements from respondents regarding digital marketing have several similarities. Digital marketing in terms of flexibility, namely sales and promotional activities that are carried out anytime and anywhere the seller is supported by an internet connection. As long as there is an internet connection, marketing activities can be carried out.

In terms of flexibility, it is also related to how to market the product. Sellers do not have to bring products or product samples to consumers, but sellers simply upload product images on social media or in the marketplace. If someone asks about a product, consumers just need to be directed to view a catalog or sample product images on social media or marketplaces. Social media is an important instrument in helping online sales. The level of internet usage encourages people to use social media. So that customers don't want to waste their time looking for your product's presence online. Customers want convenience and ease of accessing product information (Setiowati, 2016). customers will seek as much information as possible, both positive and negative information, to assist the decision-making process (Moriansyah, 2015). One study said that product photos and videos will provide interesting information to consumers (Untari & Fajariana, 2018).

Marketing in terms of efficiency, the statements of the respondents in general also have similarities. US, EV, EF, and ES respondents stated that the efficiency of digital marketing is being able to easily promote products through social media. It doesn't require a lot of particular skills to upload products to social media. With a simple upload method, sellers can display and promote their products on social media. With a simple form, product information is also widely distributed to consumers.

The statement of efficiency is not only in terms of the ease of promoting the product but also in terms of cost. The ease of promoting products that do not require a high level of expertise and do not really need expensive paid applications reduces the cost of promoting or selling products. As stated by EV, RE, and ES respondents that the promotion costs incurred are pretty low. With low prices and a wide enough product range, it can increase profits. However, if sales are getting wider, there must be an increase in the elements used for marketing. Digital marketing will require applications or software that are constantly updated. A lot of data is also needed in a digital storage area that has a large capacity.

4. Conclusion

Digital marketing provides benefits in marketing the products of MSME actors. At the MSME level, not all of them entirely apply digital marketing. However, with the Covid-19 pandemic that encourages or forces economic activity in an online form, MSMEs are also moving towards digital marketing.

In addition to providing convenience in terms of flexibility, digital marketing also provides efficiency. Digital marketing can use simple methods to market its products. MSMEs do not need to pay high costs to be able to market their products because the market coverage and product variants are still slight, so they only need a simple digital marketing method.

Many MSMEs should have done digital marketing during the pandemic, but this cannot be done optimally. The factor that causes MSMEs in Surabaya to use digital marketing still a little is the operational ability of the internet. With this condition, in the next few years, MSMEs in Surabaya can apply digital marketing optimally.

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