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Research Article

Marketing Strategy Model in Efforts to Maintain MSMEs during the Covid-19 Pandemic

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Abstract

Micro, Small and Medium Enterprises) is the key to increasing growth, creating jobs, as a source of community income, meeting the needs of goods and services, increasing added value which ultimately affects economic growth. This study aims to explain how marketing strategies affect the performance of MSMEs so that they can survive the Covid-19 pandemic. The total sample that can be collected with a web-based design is 150 MSMEs from all over Indonesia. The analytical technique used is structural equation modeling (SEM). The results of the study prove that the marketing strategy has a significant effect on the business performance of MSMEs. However, this variable contributes a significant indirect influence with a level greater than the direct effect.

Keywords

Social Media; Digital Marketing; Marketing strategy; MSME Performance

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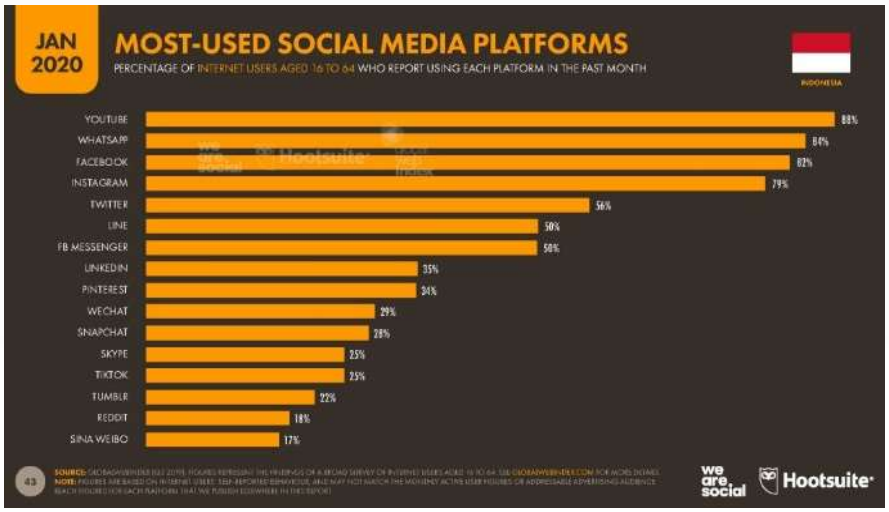
Introduction

Marketing is an effort to set strategies and ways so that consumers are willing to spend the money they have to use products or services that are owned by a company, not least for small and medium businesses. With a good and appropriate marketing strategy coupled with prioritizing spiritual concepts, the position of small and medium-sized businesses becomes strong and should be taken into account in national economic activities which ultimately bring profits to the business. Likewise, every organization, both business and non-business, is also inseparable from marketing activities. Marketing strategy is very important for companies where marketing strategy is a way to achieve the goals of a company, because the potential to sell propositions is limited to the number of people who know about it. So that in running a small business, in particular, it is necessary to develop a marketing strategy. Since Covid-19 was declared a pandemic, many domestic and global economic sectors were affected. The impact of the pandemic is most pronounced in the micro, small and medium enterprise (MSME) sector. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reports that in 2018, the number of MSMEs in Indonesia was around 64,194,057, with an absorption capacity of 116,978,631 the total workforce. This figure is equivalent to 99% of the total business units in Indonesia, with the percentage of labor absorption in the economic sector equivalent to 97%. While the remaining 3 percent is divided up in the large industrial sector Since Covid-19 was declared a pandemic, many domestic and global economic sectors were affected. The impact of the pandemic is most pronounced in the micro, small and medium enterprise (MSME) sector. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reports that in 2018, the number of MSMEs in Indonesia was around 64,194,057, with an absorption capacity of 116,978,631 the total workforce. This figure is equivalent to 99% of the total business units in Indonesia, with the percentage of labor absorption in the economic sector equivalent to 97%. While the remaining 3 percent is divided up in the large industrial sector Since Covid-19 was declared a pandemic, many domestic and global economic sectors were affected. The impact of the pandemic is most pronounced in the micro, small and medium enterprise (MSME) sector. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reports that in 2018, the number of MSMEs in Indonesia was around 64,194,057, with an absorption capacity of 116,978,631 the total workforce. This figure is equivalent to 99% of the total business units in Indonesia, with the percentage of labor absorption in the economic sector equivalent to 97%. While the remaining 3 percent is divided up in the large industrial sector The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reports that in 2018, the number of MSMEs in Indonesia was around 64,194,057, with an absorption capacity of 116,978,631 the total workforce. This figure is equivalent to 99% of the total business units in Indonesia, with the percentage of labor absorption in the economic sector equivalent to 97%. While the remaining 3 percent is divided up in the large industrial sector The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reports that in 2018, the number of MSMEs in Indonesia was around 64,194,057, with an absorption capacity of 116,978,631 the total workforce. This figure is equivalent to 99% of the total business units in Indonesia, with the percentage of labor absorption in the economic sector equivalent to 97%. While the remaining 3 percent is divided up in the large industrial sector (Syamsudin, 2020). The more the Covid-19 virus spreads, the more businesses will be affected. The existence of restrictions on going out of the house and quarantine makes customers even more isolated. As of July 12, 2021, the Indonesian government has implemented an Emergency Community Activity Restriction (PPKM) until July 20, 2021. This is done by the government in order to suppress the increasing number of Covid-19 spreads. The policy has many pros and cons among the public. Behind these problems and polemics, the MSME sector (Micro, Small and Medium Enterprises) has the most impact. Not a few of them experienced losses and decreased turnover which plunged high. Whereas on the other hand, MSMEs are expected to be the driving wheel for economic recovery and absorb unemployment in Indonesia. From the above phenomenon, it is very appropriate for MSMEs to implement a marketing strategy model in marketing their products in the form of goods and services. This study aims to provide solutions to the problems faced by MSMEs in Indonesia, namely by applying the right marketing strategy model so that it has an impact on MSME performance so that they can survive the COVID-19 pandemic.

Theoretical and Methodological Framework

The ongoing COVID-19 pandemic has proven to be very effective in significantly changing consumer behavior. Most of the upper middle class (middle class) withhold spending or spending in response to economic uncertainty and the risk of recession. The impact of this change in behavior is very clear, household consumption spending fell drastically and contributed greatly to the decline in the economic growth rate in the second quarter and will continue in the third quarter. Even the IMF officially said that the COVID-19 pandemic had turned into a Global Economic Crisis, marked by many countries entering the brink of recession. In this COVID-19 pandemic condition, business owners must keep racking their brains to ensure their business finances remain healthy and can survive these difficult times. Therefore, during this pandemic, business actors are "demanded" to optimize online marketing and digital marketing as a means of communication with target consumers. Effective digital marketing cannot be separated from marketing strategies ranging from promotions, product quality, attractive packaging, and others. Almost everyone today uses internet technology in their daily activities. Technology that is integrated in the mobile phone. Marketing online means being able to reach a wide range of consumers in one promotion. The use of internet technology is no stranger to potential consumers or anyone can access online stores, to view and choose products offered on online pages. If it feels right, consumers are also easy to contact to make energy transactions. The use of digital becomes an inexpensive way to promote and sell products. Digital marketing does not need to think about the various costs needed for promotions in general, but is able to reach a wider market segment. As an owner, you can create advertising content using simple tools you have. With simple editing techniques, the content created will help your product marketing. Currently, there are facilities that can be used in online marketing on internet media that can reach consumers according to special segmentation. This will make the promotion more targeted. With the right consumers, the transaction opportunities will be even greater. The benefits that will be obtained will be even greater. Online marketing through the media is the right step that must be taken by business actors (Adawiyah, 2021). Social media that is widely used by business actors in marketing their products can be seen in the following graph:



Source: We Are Social, Hootsuite, 2020

From the graph above, it can be seen that YouTube's social media is the most widely used media by the Indonesian people besides WhatsApp, Facebook, and Instagram. These social media providers compete with each other in providing services in the form of supporting features, especially for business actors (Altinay, Madanoglu, De Vita, Arasli, & Ekinci, 2016; Fridhayanti, Eltivia, & Riwajanti, 2021). Digital marketing is one of the media that is often used by business people today because of the ability of consumers to follow the flow of digitization. Some companies are gradually starting to leave the conventional marketing model and switch to modern marketing (Setiawan, Irawan, Ulza, & Zamzany, 2021). This situation is one of the reasons for providing assistance in the form of assistance in the use and optimization of the use of digital media for large-scale promotions, which has a significant impact on the perception of target consumers, increasing sales of MSME partner products. Wardhani, Nugroho, Fernandes, and

Solimun (2020) state that digital marketing plays a role in building brand awareness which is done by managing Instagram social media as an effort to build awareness. This activity aims to (1) understand the situation and problems faced by MSME partners (2) provide solutions to problems faced by MSME partners (3) help MSME partners increase sales and expand the market through the provided training activities (4) Propose marketing strategies to overcome the problems faced by small, medium and micro businesses during the Covid-19 pandemic. Digital Marketing is just one of the marketing media tools that are currently widely used to support SMEs in various marketing activities (Bautista, León, Rojas, & Raymundo, 2019; Gamache, Abdul-Nour, & Baril, 2019; Haque, 2020; Herdon, Várallyai, & Pentek, 2012; Kriechbaumer & Christodoulidou, 2014; Liargovas, 2019; Reshanggono & Pradana, 2021). Due to its development, many SMEs are gradually leaving the traditional marketing model, and switching to a more modern way of digital marketing (Farida, Wagiyanto, Bustamin, & Salam, 2017; Haudi & Cahyono, 2020; Jasmani & Sunarsi, 2020; Rengifurwarin, Akib, & Salam, 2018).

Methodology

This study aims to provide a strategic model that can be applied to Small, Medium and Micro Enterprises (MSMEs) that can survive in marketing their products during the Covid-19 pandemic. MSME performance is the output or result of the implementation of all activities related to business operations supported by the right marketing strategy. The research methodology uses a descriptive and verification approach. Therefore, based on the purpose of this study, namely to obtain an overview of the variables studied and to determine the relationship between variables, this research is a descriptive and verification research. This study is to test the hypothesis of Marketing Strategy (SP) mediated by social media (MS) and Digital Marketing (DM) and its implications for the Performance (K) of SMEs.

Research Hypothesis

This study is to test the hypothesis of Marketing Strategy (SP) mediated by social media (MS) and Digital Marketing (DM) and its implications for the Performance (K) of SMEs.

Population and Sample

In this study, the population is MSMEs throughout Indonesia. The number of samples collected for this study was 150 SMEs. Sampling was done via google form.

Research Variables

There are four variables used in this study. Each variable consists of several indicators.

Table 1:
Research Variable Operation

Variable	Number of Indicators
Strategy Marketing	47
Social Media	8
Digital Marketing	10
Marketing Performance	10

Data Analysis Technique

To test the hypothesis, the researcher used the Structural Equation Modeling (SEM) technique; the technique used to determine the pattern of connectedness between variables, whether there is a direct or indirect effect of several independent variables) on the dependent variable. SEM is actually a hybrid technique which includes the confirmatory aspects of factor analysis, path analysis and regression which can be considered as special cases in SEM. SEM becomes a stronger analytical technique because it considers interaction modeling, nonlinearity, correlated independent variables, measurement errors, correlated error terms, several latent independent variables wherein each is measured using many indicators, and one or two latent dependent variables are also each measured by several indicators. The SEM analysis technique used in this study is Partial Least Square Path Modeling (PLS-PM) because the sample is less than 200. The main purpose of using PLS is to predict. In addition to predicting, PLS is also used to confirm a theory and verify whether it exists or not relationship between latent variables. The focus of PLS is to maximize the variance of the dependent variable which is verified by the independent variable as a substitute to produce an empirical covariance matrix. The model to be estimated in this study is as follows:

□1 = □11□1+□12□2 + □1 (1)
□2 = □21□1+□22□2 + □21□1+ □1 (2)
where
□2: Marketing Strategy
□1: MSME Performance
□1: Social Media
□2: Digital Marketing
□1, 2: Model Error

The PLS analysis is carried out in three stages: 1. Analysis of the outer model 2. Analysis of the inner model 3. Hypothesis testing. Hypothesis testing is done by looking at the probability value and its t-statistics.

Validity Analysis

Validity according to Faems (2020) shows the degree of accuracy between the data that actually occurs on the object and the data collected by researchers to find the validity of an item, we correlate the item score with the total of these items. A validity coefficient greater than 0.500 determines that the indicator is valid.

Reliability Analysis

In the SEM-PLS analysis using Warp PLS 5.0 to measure reliability, it is measured by Composite Reliability and Cronbach's Alpha. Composite Reliability is an indicator group that measures a variable having good composite reliability based on a composite reliability score, while Cronbach's Alpha (Consistent Internal Reliability) is an indicator group that measures a variable having good composite reliability based on the alpha coefficient value (Sya'idah, Jauhari, Sugiarti, & Dewandaru, 2019). With the provisions of composite reliability > 0.70 and Cronbach's alpha > 0.60 then each variable is fulfilled. Composite Reliability is formulated as follows:

$CR = (\square_j l_j)^2/[(\square_j l_j)^2 + (\square_j (1-l^2)]$
Where:

CR: Coefficient Composite Reliability
J: the number of indicators
lk: Standardized loading factor

AVE describes the amount of variance or diversity of manifest variables that latent constructs can have. Thus, the greater the variance or diversity of the manifest variables that can be contained by the latent construct, the greater the representation of the manifest variable on the latent construct.

Structure Models.

According to Chin in Ningsi, Sumertajaya, and Erfiani (2012) SEM is one of the studies in the field of statistics that can be used to solve research problems, where both the independent variable and the response variable are unmeasured variables. There are two structural equation models, namely SEM based on covariance (CBSEM) and SEM based on component (PLS). Experts give very different views and recommendations regarding model fit indicators. Overall goodness of fit is assessed based on several measures such as chi-square, RMSEA (root mean square error of approximation), GFI (goodness of fit), NFI (Normed Fit Index), and CFI (comparative fit index).

Results of Analysis

The results of data processing show that marketing strategies through social media and digital marketing have an effect on the performance of MSME activists. The AVE formula is as follows:

AVE=□j l_j^2 /J

According to Hair, Hult, Ringle, Sarstedt, and Thiele (2017), it is said to be reliable if it has good reliability if the CR value is greater than or equal to 0.700 and AVE > 0.500. Equation model is a set of statistical techniques that allow testing of a series of relationships between elsogen and endogenous variables simultaneously. In this study, SEM was applied to obtain hypotheses, where with the structural equation model, the marketing strategy influenced UMM performance through media questions and digital marketing. With a research sample of 150 MSME respondents, the structural modeling includes two analytical steps, namely the analysis of the measurement model and the analysis of the structural model. The analysis of the measurement model is related to the analysis of the validity and reliability of the indicators used to measure the dimensions or research variables; while the structural model analysis explains the effect of competitive strategy on the business performance of MSMEs in Indonesia. From the analysis of the suitability of the model based on the data obtained, the Goodness of Fit Index is used. From the results of the processed data obtained GoF with a value of 0.545. Another measuring tool used is predictability Q2 = 1-(1-R14) (1-R24). The results of the analysis show the coefficient of determination of the model as follows: 0.246 and 0.435 Therefore, the value of Q2 = 1-(1- 0.246) = 0.558. GoF and Q2 values obtained are greater than 0. 500. This value shows that the problem in this study is a big problem with a value of 55%, meaning that the analysis of the model has quite good criteria in revealing and explaining the problems being studied.

Model Analysis

The measurement model analysis is the SEM model that connects the latent variables and the observed variables. In research, dimensions and indicators are said to be valid if the loading factor value (validity coefficient) is greater than 0.500 and is considered reliable if the Composite Reliability (CR) value is greater than 0.700 and the AVE value is greater than 0.500. By using this analysis, it can be used as a benchmark for conducting business performance for MSMEs. The table above shows that the indicator in the marketing strategy loading factor is greater than 0.500, as well as the composite reliability and average variance values. From what is described above, the marketing strategy is declared valid and reliable.

From the results of data processing, it is obtained that the reliability and validity analysis of social media is stated that almost all indicators are valid and reliable. Thus, it can be concluded that all indicators in this measurement model are valid and reliable. The next model measurement is as follows:

From the results of the above calculation analysis, all marketing strategy variables have a loading factor greater than 0.500 as well as composite reliability and the average value of variance is greater than the minimum value of 0.700 and 0.600. This means that the dimensions of the marketing strategy variable are declared valid and reliable. There is one of the most important dimensions, namely the application of social media to the marketing of MSME products with the largest factor value. However, this dimension shows a relatively low average score for achievement. Therefore, it should be the focus of attention to make improvements to the

marketing strategy.

Table 2.
Validity and Reliability Analysis of First Order Indicator of Strategy Marketing Variable R2

Items	Average	Loading Factor	R^2	Variance Error	t-Value
Segmenting Consumer Markets	A1.1 3.321	0.839	0.731	0.275	14,676
Geographic Segmenting	A1.2 3.257	0.835	0.715	0.256	20.854
Demographic Segmenting	A1.3 3.103	0.745	0.553	0.446	7,864
Phsycho graphic Segmenting	A1.4 3.079	0.714	0.512	0.487	7,454
Behavioral segmenting	A2.1 3.533	0.666	0.430	0.570	8,332
Segmenting Business Markets	A2.2 3,471	0.764	0.572	0.428	10,413
Single segment concentration	A2.4 3.388	0.685	0.467	0.535	8.899
Selective Specialization	A2.5 3.365	0.629	0.389	0.623	5.212
Market Specialization	A2.6 3.285	0.764	0.585	0.427	10,412
Product Specialization	A2.7 3,332	0.720	0.519	0.482	11.116
Full Service	A3.1 3,742	0.708	0.505	0.499	9,674
Positioning blanket	A3.3 3,463	0.711	0.529	0.497	11.112
Be-different positioning	A3.4 3.359	0.720	0.518	0.452	11.954
Beachhead Positioning	A3.5 3.451	0.721	0.521	0.478	9.514
Bleed-over positioning	A3.6 3,401	0.575	0.332	0.668	5,912
Contexs	A3.7 3.371	0.532	0.265	0.736	3,622
Content	A4.1 4.105	0.811	0.654	0.376	19,523
Community	A4.2 3.366	0.828	0.683	0.318	16,222
Customization	A4.3 2.718	0.787	0.620	0.381	12.856
Connection	A4.4 3.558	0.876	0.746	0.265	26,422
Communication	A5.1 2,957	0.782	0.621	0.362	12.612
Commercial	A5.2 2.813	0.775	0.633	0.378	9,469
Awareness	A5.3 3.126	0.691	0.468	0.565	8,934
Expolaration	A5.4 3.428	0.668	0.448	0.552	7,994
commitmetn	A5.5 3.181	0.758	0.572	0.488	11.156
Dissolution	A5.6 3.428	0.555	0.267	0.743	3,631
Product	A6.1 3.277	0.766	0.575	0.465	14,523
Price	A6.2 3.125	0.831	0.687	0.341	14,856
Marketing research	A6.3 3.196	0.823	0.635	0.321	12.722
Database research	A6.4 3.375	0.767	0.665	0.399	11,051
Composite Reliability		0.982			
Average Variance Extracted		0.545			

Table 3:
Validity and Reliability Analysis of the First Order Indicator social media

Items		Average	Loading Factor	R^2	Variance Error	t-Value
Participation	B1.1	3.411	0.767	0.588	0.412	15,717
Opennes	B1.2	3,547	0.775	0.601	0.399	10,463
Conversation	B1.3	3.485	0.816	0.666	0.334	21,140
Community	B1.4	3.387	0.782	0.612	0.388	13,272
Connectedness	B2.1	3.79	0.565	0.319	0.681	4.345
Trust	B2.2	3.304	0.851	0.724	0.276	16,740
Online shop	B2.3	3.536	0.802	0.643	0.357	11,543
Relationship	B2.4	3.393	0.820	0.672	0.328	16,465
Composite Reliability			0.966			
Average Variance Extracted			0.641			

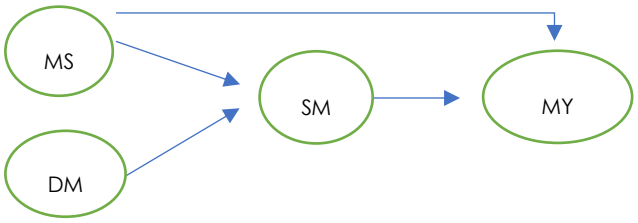
Table 4:
Validity and Reliability Analysis of Three Order Variables of Digital Marketing

Dimension	Average	Loading Factor	R^2	Variance Error	t-Value
Website	LE13.223	0.675	0.4650.534		8.254
Search Engine Optimization Data (SEO)	LE23.385	0.865	0.7640.267		19,032
Online Public Relations (Online PR)	LE33.478	0.772	0.5850.421		14,265
Social networking	LE43.445	0.797	0.6350.376		16.365
Paid disbursement click-based advertising	LE53.167	0.745	0.5650.454		11,445
Affiliate marketing and strategic partnership. ...	LE63.276	0.854	0.7230.287		18,346
Composite Reliability		0.768			
Average Variance Extracted		0.636			

Table 5:
Validity and Reliability MSME Business Performance Analysis
Analysis of Second Order of Competitive Advantage Variable

Dimension		Average	Loading Factor	R^2	Variance Error	t-Value
Access to Capital	KIN1	3.354	0.770	0.575	0.421	10,423
Marketing	KIN2	3,510	0.842	0.731	0.285	17,231
Legality	KIN3	3.465	0.875	0.715	0.298	23,143
Business plan	KIN4	3.435	0.764	0.600	0.411	15,765
Technology	KIN5	3.450	0.637	0.657	0.412	15,675
Entrepreneurial ability	KIN6	3,474	0.876	0.686	0.456	15,889
Social network	KIN7	3,453	0.765	0.679	0.478	15,896
Human Resources	KIN8	3.439	0.754	0.675	0.485	15,890
Composite Reliability			0.876			
Average Variance Extracted			0.656			

In the variable dimensions of MSME business performance, it is stated that the Loading Factor is greater than 0.500, composite reliability and the average value of variance is greater than the minimum value of 0.700 and 0.600. From the results of these calculations show that all variables of MSME business performance are valid and reliable. The COVID-19 pandemic has had an impact on MSME business performance, where MSMEs can survive or are on the verge of collapse. By using the measurement model test (Structure Model), it can be concluded that there are several indicators that are not valid. To answer the research hypothesis, the researchers used structural model analysis as follows:



Description: The Marketing Strategy Model has an impact on MSME Business Performance through social media and digital marketing with a significant level of 5%. Hypothesis 1: Effect of marketing strategy through social media on MSME performance

The results of data analysis processing show that there is a direct influence of social media on business performance of 0.2.55 with a t-count value of 2.283. From the data, it can be seen that the t-count value is greater than t-table which is declared positive at a significant level of 5% (1.164).) this has a significant and positive influence on marketing strategies through social media on MSME business performance. Digital Marketing has an influence of 0.317 on the business performance of MSMEs. The coefficient of determination is 0.254, this shows that the marketing strategy of 25.4% has an effect on the business performance of MSMEs. Hypothesis 2: Direct Effect

of Marketing Strategy through social media and Digital Marketing on MSME Business Performance

Table 6:
Significance Test Results of Marketing Strategy Through social media and Digital Marketing on MSME Business Performance

Influence	Regression Coefficient	Standard Error	t-Value
LB□KB	0.255	0.121	2,283
K□KB	0.317	0.169	1,798
Coefficient of determination R2 = 0.254			

Table 7:
Significant Test Results of the Direct Effect of Marketing Strategy Through social media and Digital Marketing on MSME Business Performance

Influence	Regression Coefficient	Standard Error	t-Value
MS KU	0.276	0.122	2.165
DM KU	0.310	0.176	1,697
SM KU	0.489	0.124	4.342
Determination Coefficient R2 = 0.425			

The analysis of research calculations shows that the direct influence of the marketing social media variable on business performance is 0.276 standard deviation with a t-count value. 2.165. The t-count value which is greater than the t-table value is declared positive at a significance level of 5% (1.665) this indicates that there is a positive and significant effect of business environment variables on MSME business performance. Meanwhile, digital marketing has an effect of 0.310 standard deviation on MSME business performance. The marketing strategy model on MSME business performance is very significant, where the t-count value is greater than the t-table value. The marketing strategy variable has a large influence with a standard deviation value of 0.489 and a t value of 4.342, this shows that MSME business performance is strongly influenced by marketing strategies through social media and digital marketing. The coefficient of determination of 0.425 means that 4.25% of MSME business performance is influenced by marketing strategies. Hypothesis 3: The indirect effect of marketing strategies through social media and digital marketing on MSME business performance.

Table 8:
Significance Test Results Indirect Effects of Marketing Strategies Through social media and Digital Marketing on MSME Business Performance

Influence	Regression Coefficient	Standard Error	t-Value
MS DM KU	0.145	0.076	2008
K MS□ DM	0.162	0.095	1,710

Table 8 shows that the influence of marketing strategy variables on MSME business performance is not significant. But with the mediation through social media and digital marketing, it has an indirect effect on the business performance of MSME business with an influence value of 0.145 with a t value of 0.208. The results of the study explain that increasing the influence of marketing strategy variables through social media and digital marketing will improve MSME business performance. The marketing strategy variable has an indirect effect of 0.162 with a t value of 1.710. The calculated t value is also greater than the t table value. Thus, it can be concluded that the Marketing Strategy variable has an indirect influence on the business performance of MSMEs through social media and digital marketing with a significance of 5%.

Conclusion

Exposure to the results of the study, the researchers found that the marketing strategy variables through social media and digital marketing had no significant effect on the business performance

of MSMEs. This variable has a significant indirect influence contribution greater than the direct effect. The results of the study indicate that the improvement of marketing strategy will be able to improve the business performance of MSMEs if the business strategy tools used through social media and digital marketing are run optimally.

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