

ANALYSIS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) MARKETING STRATEGIES IN ERA 4.0

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Abstract

Technological developments make various business sectors need to develop so as not to be left behind by other businesses. One business sector must follow technological developments in Indonesia's micro, small and medium enterprises (MSMEs). This research then aims to see how MSMEs implement marketing strategies by utilizing technology in the digital era 4.0. This research will be carried out using a qualitative approach and data from various research results and previous studies that are still relevant to this research. The results of this study found that MSMEs in Indonesia still have a low contribution compared to the contribution of MSMEs in other countries. This low contribution is caused by the lack of utilization of existing resources by MSME actors in Indonesia, such as using social media to market their products. It is hoped that with the emergence of the digital 4.0 era, MSMEs in Indonesia can use technology well and maximally so that, in the end, MSMEs can develop and make a considerable contribution to the Indonesian state.

Keywords: *Era 4.0, Marketing Strategy, MSMEs.*

A. INTRODUCTION

In the business sector, marketing strategy is analogous to the heart for the efficient operation of a company. In numerous businesses, globalization is no longer inexorable. Revolution is an inevitable and inexorable phenomena. Now is the moment for business operations to demand a strategy that is capable of transformation and innovation to cope with it, so that the firm does not become obsolete (Suwandi & Foster, 2016).

Multiple product and service lines necessitate a marketing plan. The marketing strategy for services is distinct from the marketing strategy for products or goods. As evaluated by customer satisfaction, service organizations are more likely to provide services to consumers (Markovic et al., 2018). Various companies have started innovating on multiple marketing strategies in this competitive era. For service products, conventional marketing management is no longer appropriate because the marketing orientation is considered to have changed from a sales orientation to a value-added customer orientation (Chen et al., 2015). The business perspective is not only profit-driven through client acquisition, but also based on the relationship marketing and customer relationship management principles, which seek to generate long-term profits through customer happiness. Therefore, in this context, the consumer as the final consumer can be understood as the satisfaction of the wishes and desires of consumers who will be owned (Gilboa et al., 2019).

The chain of every product purchase requires a service so that for every product purchased by consumers, the price of the product includes the price of the service. In their book *Service, Quality & Satisfaction*, Tjiptono & Gregorius Chandra claim that the service sector plays a vital role in the global economy (Moenardy et al., 2016). In industrialized nations such as the United States, the service sector accounts for over 80% of Gross Domestic Product (GDP) and over 50% of total consumer spending. This can be interpreted that every product requires services for business continuity because services are part of the product (Wagstaff et al., 2018). Additionally, services provide employment opportunities. In the early decades of

the 21st century, an estimated 90 percent of all new jobs will be in the service sector, which is anticipated to account for 79 percent of overall employment in the United States (Spetz et al., 2015).

Creating customer value to meet customer desires requires various combinations of existing marketing strategies. In the industrial era 4.0, or the digital age, it is straightforward to find how businesses are now fulfilling customer desires through existing services. If it is traced, homemakers can do online business from home using only data packages and android (gadgets) (Timoshenko & Hauser, 2019). It can be said that the service business can facilitate customer desires to the maximum. This situation has undoubtedly become part of the strategy through digital services provided by the system. This service system also shortens the sales chain, making prices more affordable (Parida et al., 2019).

Based on the explanation above, the author will further review the strategies marketers use to maximize their merchandise through digital systems in the 4.0 era. The marketing strategy in question is to market Indonesian MSME products. This paper is expected to contribute to business people in increasing their income through the goods and services offered to their customers.

B. LITERATURE REVIEW

1. Marketing

Marketing is the science and art of examining the social or management processes by which individuals or organizations gain what they need by developing, offering, and exchanging things with others in order to establish strong relationships with clients or consumers and receive value from them (Charband & Navimipour, 2016).

The American Marketing Association (AMA) describes marketing as an organizational function and set of processes for producing, conveying, and providing value to clients and managing customer relationships to the organization's stakeholders' advantage (Pomeroy, 2017).

The distinction between the social and management definitions of marketing is that social marketing is a social process by which individuals and groups gain what they need and want by developing, presenting, and freely exchanging items and services of value with others (Hlady-Rispal & Servantie, 2018). Meanwhile, the understanding of marketing is viewed from the current managerial definition of marketing as "the art of selling products". This understanding has become the tip of the "iceberg", because selling is not the most crucial thing in marketing. Still, it is more important to know and understand customers well so that products or services can match their needs so that they are sold (Kozlenkova et al., 2015).

In addition to communicating items or services to consumers, the purpose of marketing is to demonstrate how these products or services may give service pleasure to consumers or customers by creating profits. Marketing seeks to acquire new customers by offering greater quality or value, setting pricing that attract buyers, distributing items swiftly, marketing successfully, and stressing customer satisfaction to retain existing customers (Pansari & Kumar, 2017).

Understanding Marketing Management is an endeavor to plan, implement (which includes planning, directing, and coordinating) and supervise or control marketing operations inside a company in order to achieve organizational goals in an efficient and effective manner. By developing, providing, and conveying superior products or services to consumers, corporate managers seek to acquire, keep, and expand their target customer base (Omotayo, 2015).

Marketers must understand the needs and wants of the customers in which they operate. Five core concepts of customers and markets: (1) needs, wants, and demands; (2) marketing offerings (products, services and experiences); (3) value and satisfaction; (4) exchanges and relationships; and (5) market (Ikechi et al., 2017).

2. Micro, Small and Medium Enterprises

The Law of the Republic of Indonesia No. 20 of 2008 on Small and Medium-Sized Enterprises defines MSME. Individuals and small firms that meet the definition of "micro-enterprises" in the law are defined as "micro-enterprises" in Article 1. (Tambunan, 2019). A small business is one that meets the definition of a small business under the Act, but is not a subsidiary or a subsidiary of a medium- or large-sized firm, but is owned, controlled, or otherwise becomes a part of one of those organizations, either directly or indirectly (Indris & Primiana, 2015). However, a micro business is a self-sustaining economic venture conducted by persons or firms that are not subsidiaries or branches of corporations that are owned, controlled or become a part of micro, small or large businesses that fit the Act's criteria for micro-enterprises (Sudaryo & Purnamasari, 2017).

In the Law, the criteria used to define MSMEs as stated in Article 6 are net worth or asset value excluding land and buildings for business premises or annual sales proceeds. Micro-enterprises are business units that have assets of at most Rp. 50 million excluding land and buildings for business premises with yearly sales of at most Rp. 300 million (Putra, 2019). Small businesses with an asset value of more than Rp. 50 million up to a maximum of Rp. 500 million, excluding land and buildings where the business is located, have annual sales of more than Rp. 300 million up to a maximum of Rp. 2.5 billion. Medium enterprises are companies with a net worth of more than Rp. 500 million up to a maximum of Rp. 100 billion with annual sales of above Rp. 2.5 billion to a maximum of Rp. 50 billion (Nugroho, 2017).

3. Era 4.0

Era 4.0 is also known as the industry 4.0 era. Because it is still in the research and development phase, Prasetyo's definition of Industry 4.0 varies. Angela Merkel, the German chancellor, views Industry 4.0 as a total revolution of all elements of industrial production through the integration of digital technology and the internet with traditional industries (Prasetyo, 2019). Schlechtendahl highlights the notion of the speed component of information availability, which is an industrial environment in which all entities are always connected and able to communicate information. Kagermann explained in greater detail that Industry 4.0 is the incorporation of Cyber-Physical Systems (CPS) and Internet of Things and Services (IoT and IoS) into industrial processes, such as manufacturing and shipping, as well as other techniques (Malik, 2019).

C. METHOD

This research will be carried out using a qualitative approach as the research method. The data used in this study are derived from previous studies and studies considered to be still relevant to this research. After the research data has been collected, the researcher will then analyze the data to find the results of this study.

D. RESULT AND DISCUSSION

1. Marketing Through the Marketing Chain

The marketing process begins with seeing market opportunities, researching, selecting target markets, and developing strategies, actions and evaluations. However, there are still many entrepreneurs who do not see the stages of the process so that the goods and services offered do not reach consumers because they are not following the wishes and needs of consumers at that location and are also not supported by space and time. Shifting times will be able to cover the shortage of producers in the distribution of goods and services through existing services. This situation will encourage producers to increase the number of their products because it is not limited by space and time. The service system can now deliver the producer's merchandise to the desired destination without any limits. According to Kotler,

efforts to shorten the marketing/trade chain are one way that can help business ventures to increase revenue. The shortest marketing channel gives the producer the highest income and the least marketing risk.

Marketing channels describe the real movement of physical products, from raw materials (suppliers/suppliers) to the final consumer. The marketing channel will affect the producer's decision on the price set by the producer. If the chain of marketing channels is long, the cost to consumers will be high, and vice versa, if the marketing channel is short, the price for consumers will be lower. This means that competition between producers in pricing will be increasingly competitive, resulting in market competition. To win the market competition, the first step is to find the right strategy to market their products to compete in the market.

The determination of this strategy must go through in-depth research and study so that the product to be marketed will be able to win the competition and survive more. Other things that must also be considered in the marketing strategy are product explanations, product design, product promotion, product advertising, communication to consumers, and product delivery so that it can reach consumers more quickly and precisely. Marketing strategies that are up to date in the digitalization era make producers closer to consumers' daily lives. Marketing strategy through digital media is an effective and efficient step because the chain of marketing channels will become shorter. Many producers make a product but do not sell their products directly to end users, the consideration of distribution costs is the main factor that producers choose to distribute their products to final consumers, especially for marketing areas that the company has not covered.

2. MSMEs Through the Marketing System

SMEs to national exports are still low compared to other countries. One of the steps taken by the government is to encourage export activities of micro, small and medium enterprises (MSMEs) products. The contribution of MSMEs to national exports is still low at 15.80%, or around US\$23 billion of total non-oil and gas exports. This figure is also lower than other ASEAN countries such as Vietnam at 20% and Thailand at 29.50%. This situation illustrates that several indicators of MSME empowerment have not run optimally. However, almost 97.2% of MSMEs contribute to employment, which is the highest number compared to other Asian countries. One of the factors behind the low contribution of national exports is the lack of use of digital media in the digital era 4.0.

Indonesia has entered the 4.0 era of industry. This is characterized by the convergence of human, machine, and other resource connectivity and interaction through information and communication technology. According to McKinsey, this is an era of manufacturing sector digitalization driven by four factors: The avalanche of data volume, processing power, and connectivity. The development of analytical and business intelligence skills. New human-machine interactions, such as augmented reality systems and interfaces. 3D printers are advancements in transferring digital instructions to the physical world.

In this digital era (Industry 4.0.), businesses must keep up with the times to survive. Technology and trade must also be prepared to deal with it. For entrepreneurs who use the old system, competitors who apply the latest system will likely enter advanced foreign industries and enter the domestic market. According to Hootsuite's Wearesocial research, there are 150 million social media users in Indonesia, or 56 percent of the entire population. The number has increased by 20% since the last survey. In the meantime, mobile social media users (devices) surpassed 130 million, or approximately 48 percent of the population.

The rapidly increasing number of Internet and telephone users represents an opportunity for the nation's digital economy. It is both an opportunity and a challenge for the business community to compete and win market share in each category. Market share is one of the business strategies that any company must implement, as market share may be used as a

measure of a company's performance in controlling the market. An inadequate company plan will cause business owners to incur losses. The rapid development of digital media (internet and other social media) has caused other media to decline, such as print media, newspapers, tabloids and radio media.

Based on the survey of socio-cultural indicators of the Central Statistics Agency (BPS), people (aged ten years and over) who listened to the radio in the last week were only 13.31% in 2018. This figure has fallen far from 50.29% in 2003. Likewise, the number of people who read newspapers or magazines decreased to 14.92% in 2018 compared to 23.7% in 2003. In the past week, people who watched television showed an increase from 84.94% in 2003 to 93.02% in 2018.

The emergence of online media, social media and the boom of smartphones (smartphones) have eroded public interest in conventional media such as newspapers, magazines/tabloids and radio, except for television. Thus, the selection of media as a marketing tool for the products produced is a factor that can be used to increase production results in a business. Based on the results of Oztamur and Karakadilar, SMEs in the United States and Turkey show that social media is now widely used in marketing strategies to create customer value. Knight points out that globalization has a significant impact and pressure on the MSME sector, so MSME actors must be able to apply the use of appropriate and appropriate technology for the businesses they run. These studies describe marketing strategies through digital media as the right decision to market products and services produced by entrepreneurs (Gümüş & Kütahyalı, 2017).

Wibowo about the application of marketing strategies in the MSME sector by taking a case study on Batik Diajeng Solo shows that with the right marketing strategy, namely by choosing market segmentation focused on organizational, institutional, and community consumers and market position as quality products and can be following consumers orders and using the right combination of marketing mixes, such as precise and appropriate cost calculations, direct and indirect distribution channels, including online distribution channels, the performance of Batik Diajeng Solo products increased by 9.1% in 2013 and 59% in 2014. Knight points out that marketing strategy is essential for companies to help implement tactics to become successful. His research also shows a strong relationship between marketing strategy and the application of technology and acceptance of global conditions (Mustanirah et al., 2019).

In terms of the marketing mix, even though the products sold are relatively the same as those sold by their competitors because they prioritize added value and differentiation, they can provide the right products, reasonable and competitive prices, selection of appropriate distribution channels, and choice of effective promotional media for their customers so that customer satisfaction and loyalty can be achieved. Nory Jones, with the object of research on MSMEs, found that the role of social media for MSME actors was as follows: (1) increasing consumer recognition and curiosity; (2) improving good relations with consumers; (3) can increase the number of new consumers; (4) increase the ability to reach consumers on a global scale; and (5) adding promotional channels for local businesses to improve the image of MSMEs. Damian Ryan also mentioned several benefits of establishing close relationships with customers, namely: (1) getting updated information from customers; (2) improving the reputation of the company's social media profile; (3) adding sources of information other than offline media that can be used as market studies; (4) could influence influencers also to influence their followers so that our products get a good and positive image.

Thus, through the digital era 4.0, it is now hoped that the MSME sector marketing system (micro, small and medium enterprises) can compete and grow inclusively and sustainably.

E. CONCLUSION

There are various concepts about applied marketing strategy. Conventional marketing strategies in the Industry 4.0 era are less appropriate to implement because they are limited by space and time. The population of Indonesia is around 268.2 million people, and about 130 million, or 48% of that number, are mobile social media users. This is a huge potential if the marketing system makes the most of it. Indonesia's micro, small and medium enterprises (MSMEs) contribute to employment. Almost 97.2% of the MSME sector can absorb the workforce in Indonesia.

Meanwhile, the contribution of Indonesia's MSME national exports is still low when compared to other countries. The contribution of the MSME sector to national exports was 15.80% lower than Malaysia's 19.00% and Sri Lanka's 20.00%. One of the factors of the low contribution rate in this analysis is the lack of MSME actors using the potential of existing resources, such as by using mobile social media (gadgets). Suppose this potential is utilized and used as a strategy in marketing to increase the production of MSMEs to the maximum, as has been practiced in developed countries. In that case, the production will be easier to reach the final consumer with a lower price because it does not use a long marketing chain. Thus, through the digital era 4.0, the MSME sector marketing system can compete and grow inclusively and sustainably.

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